



Trade-Mark Registered and Contents Copyrighted, Earl R. Allured
Subscription Price, \$3.00 the year. Single Issues, 50 cents.

**A Specialized Technical and Commercial Magazine for
Confectionery Superintendents, Purchasing
Agents and Executives**

Published Monthly on the 15th by
The MANUFACTURING CONFECTIONER PUBLISHING CO.
30 North La Salle St., Stock Exchange Bldg.
CHICAGO

New York Office, 5 Cortland Street., R. W. Younie, Mgr.

EARL R. ALLURED,
Editor - Publisher.

M. BENNET KOVNAT,
Vice President.

PRUDENCE M. WALKER,
Circulation Manager.

ASSOCIATE EDITORS:

RALPH G. WELLS, Management Engineer, Boston.
A. ADAMS LUND, Purchasing Executive, Happiness Stores, Inc.
W. E. BROWN, M.D., Industrial Health Conservancy Laboratories,
Cincinnati.
GEORGE J. SHAHER, Practical Confectioner.
NORMAN SWEET, Sales Service Counsel.

TECHNICAL ADVISORY BOARD

DR. A. P. BRYANT, Consulting Chemist, National Confectioners'
Association.
FREDERIC W. MURPHY, M. A. POSEN, ROBT. SCHWARZ
J. JULIUS BLOCK, Block Laboratories.
CLIFFORD CLAY, ADRIAN LEROY

Members:

National Confectioners' Association of United States.
Midland Confectioners' Association.
Business Reference Publications (An Association).
Chicago Association of Commerce.

Policy

THE MANUFACTURING CONFECTIONER is a specialized publication for manufacturing confectioners exclusively, edited in the interest of the executives in charge of the purchasing, production and sales departments; a medium for the free and frank discussion of manufacturing policies, problems, methods and materials.

The same corresponding policy applies to the advertising pages which are available only to the supply manufacturers for the advertising of products which are used by the manufacturing confectioner—machinery equipment, raw materials and supplies, etc.

Aims

The Manufacturing Confectioner believes in

Sanitary and Hygienic Standards established for the manufacture and handling of confectionery.

Organization of jobbers and manufacturers in every local zone in the United States with representation in a national body which will be a federation of all local confectionery associations.

Uniform Method of cost finding and accounting.

Pure Food Legislation which enforces a quality standard for confectionery.

The Buyer's Common Ground

EVERY purchasing executive who zealously guards the purity and quality of the manufactured product of his plant should logically be keenly interested in any move which will help to improve the standard of quality and uniformity of raw materials at their source of supply.

For instance, peanuts; if all buyers of peanuts would stand pat for a better standard of cleaning, the peanut industry would no doubt get busy and properly clean their product free from sticks and stones, etc., before offering them to the trade. When crop goods have a "bad year," when the best that is available is of a poor standard, it requires some courage to draw the line at a minimum standard of quality which candy consumers will stand for, but how many are doing it! For instance, filberts this year were decidedly "off." Yet everybody is making and pushing creamed filberts as usual; each manufacturer resting behind the satisfaction that each competitor on this item is supplied from the same poor crop and from a competitive standpoint the situation is an even break. But is this keeping faith with the "stewardship" which every manufacturer of a food product holds with the consumers?

If manufacturing confectioners are of one mind on this matter of quality standards of raw materials, then importers will naturally co-operate and refuse to negotiate on goods which are not consistent with the production of pure and wholesome food products.

We wonder how many candy manufacturers would endorse a movement to keep unclean, unwholesome and otherwise unfit materials out of the candy industry. This may be an utopian objective, but it is worth while striving for; the very declaration of such an ideal will have an appreciable effect, we believe, if sincerely and solidly backed up by a fair percentage of the most desirable buying power within the confectionery industry.

Get It Off Your Chest

There are many other angles to the subjects brought out in this Purchasing Number which suggest special comment. We have sacrificed editorial space this month to give our readers the floor (they've squeezed me down to this half page); an editorial digest of this "Buyers' Conference" will follow. It has been a treat to "listen" to the many expressions of opinion on the specific subjects submitted for discussion; sorry they could not all be printed in this issue.

The circulation of this publication is controlled to the manufacturing fraternity only and is therefore an ideal medium through which to "get it off your chest" if it is something which should be thrashed out in "closed session" of manufacturing confectioners.

COMING—Beginning with Next Issue

The following articles are on deck for publication in the next few issues of The Manufacturing Confectioner. Some of them were scheduled for this issue, but were crowded out.

1—Control of Insect Infection in Confectioners' Raw Materials, by Norman W. Kempf.

2—The Building in Which Candy Is Manufactured, by W. E. Brown, M. D.

3—How Far Should a Manufacturer Go in Producing His Own Raw Materials? by Clifford Clay.

4—Budgeting for Purchasing, by W. H. Tate.

5—Things I Wish Buyers Wouldn't Do, by a Seasoned Supply Salesman.

6—Things I Wish Suppliers Wouldn't Do, by a Purchasing Agent.

7—The Care of Confectioners' Machinery and Equipment—Editorial.

8—Engineering Tips on Production Profits.

Standardized Invoice Adopted at 1920 Convention NATIONAL ASSOCIATION OF PURCHASING AGENTS, Inc. WOOLWORTH BLDG., NEW YORK			
Shipper's Order No. Date Shipped Shipped from Shipped to Destination	Invoice date Invoice No. F. O. B.	Buyers' Order No. Requisition No. Contract No. Car No. and Int. Via.	This column reserved for use of buyer P. A. Record No. <div style="display: flex; align-items: center;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg); font-weight: bold; margin-right: 5px;">CHECKED</div> <div style="margin-left: 10px;"> With order F. O. B. point Price Calculations Freight Frt. chgd. back Rec'd by P. A. Sent by P. A. To outer off. From outer off. </div> </div>
<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="width: 15%;"> Terms: To be printed here </div> <div style="width: 70%; border: 1px solid black; padding: 10px; text-align: center;"> NAME AND ADDRESS OF PURCHASER TO WHOM INVOICE IS TO BE MAILED MAY BE PUT IN THIS SPACE </div> </div>			
Charge Account	Approved	Approved	
<p>Three top lines are to be replaced by shipper's name and address.</p> <p>Sheets to be 8½ inches wide and not less than 7 inches nor more than 14 inches long. Printed either way of the sheet. A tolerance of ⅛-inch in either dimension. Invoices longer than 7 inches have dots or short rules placed on the sides at the distance of 7 inches from top to indicate point of fold for filing.</p> <p>It is urged that all invoices be cut from 17x22 or 17x28 stock.</p> <p>Certain blank spaces such as "Shipped to," "Destination," "Invoice No.," "Contract No.," "Car No.," etc., are intended for use when such information is required to identify a shipment.</p>			
Material described above received in good order _____ (Signed) _____ (Title) _____ <div style="text-align: center; margin-top: -10px;">DATE</div>			

Standard Invoice Form Adopted by N. A. P. A.

No Less Than 7" or More than 14" Long

A Message from the National Association of Purchasing Agents

Close to the Heart of Every Purchaser

by **W. L. Chandler**

Secretary, National Association of Purchasing Agents

Exclusively for the Purchasing Number, The Manufacturing Confectioner

EVERY purchaser has many troubles common to most business men. He also has a few of his own. One of them is the excessive variety of invoice forms and sizes. The recent survey of thirty-five average size concerns showed that they estimated that they can save on the average of \$620 each per year if they could have all invoices on one standard form and size. Estimating this to be a representative average means that the business concerns of the country might save over \$15,000,000 per year by the use of the Standard Invoice.



There is only one answer to this wasteful condition and that is to bring together those business men who will apply themselves to the problem and get them to agree upon one common form and then induce everybody to use it. This has been done. The N. A. P. A. has mentioned definitely that its interest was not in any special form, but in the bringing together of the men who may devise the form, so a number of national conferences were held under the auspices of the Association and a form was devised and has been put into use. Practically every railroad in the United States is now using it and many of them refuse to accept invoices on any other form.

An interesting development has recently taken place in connection with the introduction of the National Standard Invoice form. The Ford Motor Company, with a knowledge of this movement, has seen fit to take a backward step, in that it has put out what it calls the "uniform invoice," but in reality is nothing but the "customer invoice form" which formerly was quite frequently used by large corporations.

The only distinction is, whereas every corporation using a customer private invoice form pays for the printing and furnishes them to their vendors, the Ford Motor Company is asking the vendors each to print the invoice forms needed on which to bill to the Ford Motor Company.

A conference with the Ford Motor Company's representatives has so far been of no avail, so the vendors of this company are faced with the condition whereby they are being asked to use one form when billing to most of their customers, but the different form when billing to the Ford Motor Company. This condition needs no comment because the injustice of it is manifest on the surface. One good has been accomplished. That is the injustice brought about by this unwillingness to work with others in arriving at a common standard has served to arouse interest in the National Standard Invoice form on the part of business men who previously had shown only a passing interest in it.

It is perfectly true that the Ford Motor Company can require all purchases to be billed upon their private customer invoice form just as other large corporations want their purchases to be billed on the National Standard Invoice form.

It is to be regretted that those having such wide power cannot use it in team work with others who are striving for the elimination of waste rather than to force upon the business world a pet idea of their own.

The illustration shows the National Standard Invoice Form approved by hundreds of associations and corporations and endorsed by a national conference at U. S. Department of Commerce.

Trifling actions affect a man's credit. The sound of your hammer at five in the morning or nine at night heard by a creditor makes him easy six months longer.—Benjamin Franklin.

Any one can carry his burden, however heavy, till nightfall. Any one can do his work, however hard, for one day. Any one can live sweetly, patiently, lovingly, purely, till the sun goes down. And this is all that life ever really means.—Selected.

No Less Than 7" or More than 14" Long



Using Sugar Futures to Fix Costs

This is the concluding subject in a series of three articles on Raw Sugar Features.

by A. Adams Lund

HAVING exploded the popular conception of a commodity exchange as one in which a small group of wealthy financiers "sit in" between the hours of ten and three to manipulate prices and fleece poor suckers of their hard-earned capital, we may consider the Exchange from the more practical aspect that through its use we are enabled to fix the costs of our products many months in advance of their actual manufacture, and by so doing, pre-determine what profits will be realized at given selling prices. A detailed account of how this huge machine operates to take the risk out of future business was contained in the April issue of the *MANUFACTURING CONFECTIONER*. This concluding article presupposes a familiarity with the subject matter therein discussed.

Planning Purchases of Refined Sugar

Now whether you participate in the actual futures' trading yourself, or merely watch quotations as a matter of general posting, the ability to interpret intelligently the fluctuations of the options market in terms of their probable effect upon the actual markets of raw and refined sugar, will be found to be of invaluable assistance in planning your purchases of refined sugar. This market expresses more than any other one source, the prevailing opinion of the entire sugar trade as to the future course of sugar prices, anticipating changes in supply and demand in much the same manner that the stock market forecasts the conditions of business generally. Therefore, you will find it not only highly interesting but extremely profitable to follow the course of futures on the Exchange, whether you decide later to trade in them or not.

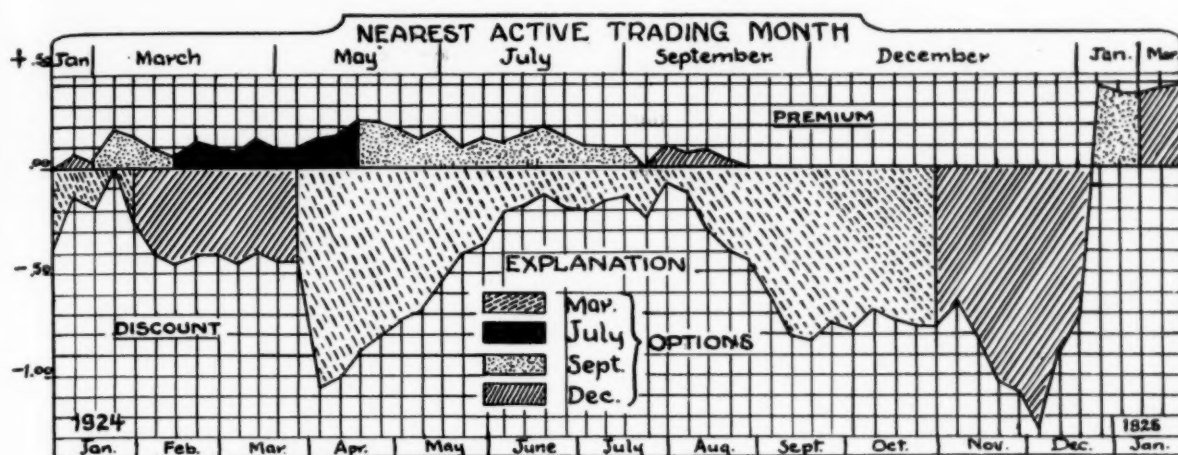
The need of fixing our costs in advance of

manufacture is apparent. A great bulk of our bar and package goods lines are retailed at arbitrary prices from which we can only escape with difficulty. We will always have with us the 5c and 10c almond bars and the \$1.50 and \$2.00 assorted chocolates. The selling prices of these and many similar lines have been definitely established by the monetary system whose units they must fit; consequently, profits must shrink as their costs go up. Conversely, the only way to be sure of our profit is to cover ahead at a cost low enough to insure one. But unfortunately, it is neither possible to obtain refiners' contracts for long periods, nor practicable to buy at once and let the sugar eat its head off in storage.

A similar problem confronts the manufacturer who takes advance orders for future delivery. Whatever profit he makes is contingent upon his sugar cost. If he does not or cannot cover immediately, he must gamble on the outcome of the sugar market. If it goes down before he gets ready to buy, he receives a handsome profit, perhaps more than he bargained for; but if it goes up during this period, it will either diminish that profit or turn it into a loss. To name prices for future delivery high enough to protect him against any but the most unusual advances, is to reckon without competition, and any man who can afford to do that does not require the help of an exchange, anyway. For the rest of us, trading in futures is a convenient means of guaranteeing our ability to procure sugars as needed at a later date, at a previously stipulated price.

Relationships Between Raw, Refined and Futures Markets

Before proceeding to deal with the various expedients of buying and hedging on the fu-



Maximum Spread of the Futures Market During 1924

The jagged lines show the difference in price, or "spread" between the high and low months on the futures exchange. The premium or discount commanded by distant positions over the current price of nearby sugars (represented by the horizontal line at zero) is an important barometer of the underlying strength of the market and the direction in which it is headed.

futures' exchange, let us review briefly the relationships between the raw, refined and futures' markets. In last September's issue of this magazine (The Purchasing Number, 1924) we discussed the relation between refined and actual raw sugar, the latter known as "cost-and-freight" of C. & F. raws. We found these two markets at an average variance of about \$3.00 per hundred pounds (\$1.37 duty on Cuban centrifugals, plus \$1.25 per hundred pounds, average refining differential). Although this is at best a rough figure, it is close enough to serve our purpose in the illustrations which are to follow.

The relation between raw sugar futures and actual raw sugars is not so easily defined. It is the theory of exchange trading that the value of nearly futures contracts is the same as that of the actual commodity which is to be delivered against them. In other words, it should be possible to replace at even money a contract for the spot month on the exchange with raws bought currently in the open market. Now although these two markets do follow one another very closely, and return constantly to an equality, they diverge at times as much as 25 or even 30 points, either market commanding the premium or selling at a discount, as you choose to look at it. These variations are frankly, the result of speculative influences which it is neither possible nor, on the whole, desirable to exclude from the market. To one who is in the

market more or less constantly, the price of these sugars will average out about the same, a premium on futures at one time offsetting a discount at another. But for the occasional trader, it is perhaps wiser to allow for a reasonable margin between them.

Marginal differences between nearby futures and C. & F. raws are caused by the fact that it is more expensive to deliver and receive sugars through the exchange than in the ordinary way. That this is generally realized is shown by the fact that less than 1 per cent of all the sugars traded in on the exchange are actually delivered through the exchange. The rules of the commodity exchanges permit sellers of futures to buy back their contracts and dispose of the actual sugars in the cost-and-freight market; and the buyer may likewise sell his futures and thus put himself in a position to purchase his actual needs of refined sugar in the open market. The question naturally arises, why should *anyone* seek to deliver or receive sugar through the exchange when it is possible to avoid this extra expense?

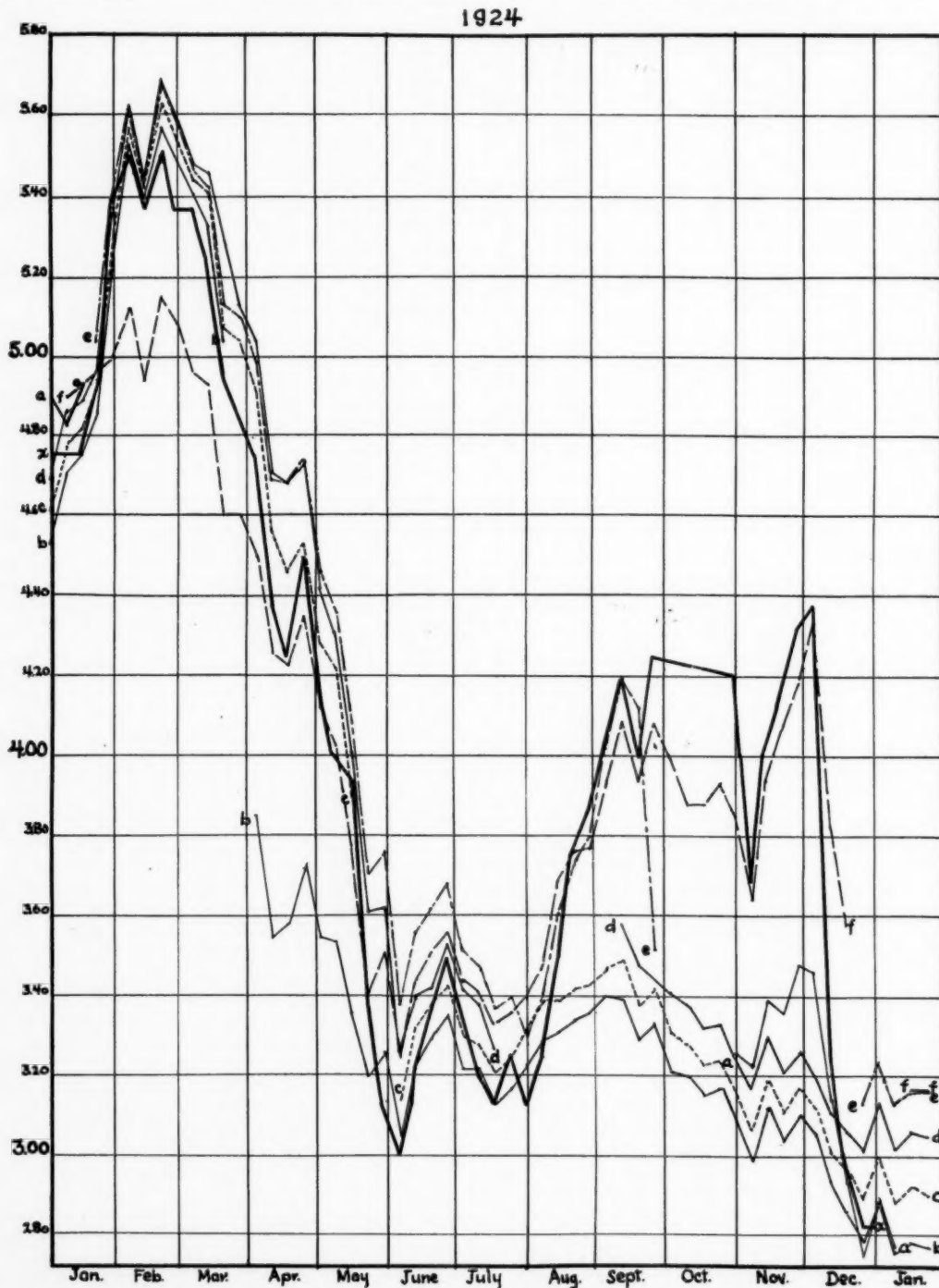
The psychological effect of forcing the other fellow to deliver sugars which he may not possess or to accept sugars which he does not require will exercise a profound influence on the market, especially if it is at all critical. The issuance of a round lot of notices almost invariably exerts a depressing effect upon the spot month of futures, with long holders clamoring

Cost-and-Freight Prices Compared with Current Prices of Active Months on the Futures Exchange

DISTANT positions on the futures exchange often sell at substantial premiums over or discounts under the spot month, despite the fact that quotations on the nearby futures may be identical with the price of raw sugars selling in the cost-and-freight market. The reasons for this are brought out in the accompanying pages.

Keeping in mind that premiums for distant positions fore-

cast a rising market while discounts precede the declines, follow the heavy line x-x depicting C. & F. raw prices, and see how accurately its course is foretold by the later positions in futures. You will find each major advance or decline in the raw market anticipated by the light lines of future prices weeks and often months in advance. Notice also how the breadth of the "spread" indicates the extent of the rise or fall which follows it.

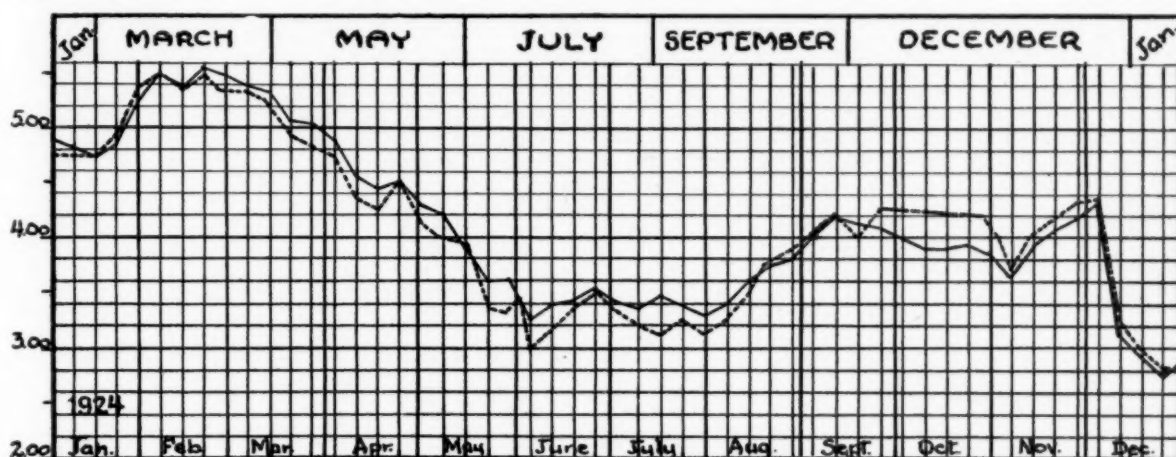


EXPLANATION OF CHART:

Heavy Line, x — x — C. & F. Centrifugal raw sugars, 96°

Light Lines, a — January futures
b — March futures
c — May futures

d — July futures
e — September futures
f — December futures



Comparison of 1924 Cost and Freight Prices with Exchange Quotations for the Nearest Active Month

.....Cost and Freight price. ———Exchange prices for the nearest active month.

The great bulk of trading in sugar futures is for delivery during the months of January, March, May, July, September, and December. These are known as the active months and experience has proved that it is nearly always advisable to limit trading to these positions.

The graph shows how closely the C. & F. prices of raws and the prices on the futures Exchange react to each other.

to close out their contracts at considerable discounts in order to avoid the inconvenience and expense of taking a delivery of raw sugar.

Costs of Receiving and Delivering Through the Exchange

It costs the seller between 12 and 16c per 100 lbs. to store his sugar in New York warehouse and deliver it through the exchange; and it costs the buyer between 12 and 16c to receive the sugar and re-deliver it to the refiner, details of which follow:

Receiving	3.99c or under	4.00c or over
Checking weights, 113,120 lbs. at 3/4c.....	\$ 8.48	\$ 8.48
Checking tares, 9 bags at 5c.....	.45	.45
Coopering 350 bags at 1c.....	3.50	3.50
Sampling 350 bags at 2c.....	7.00	7.00
Polarizing sample.....	2.00	2.00
Exchange commission.....	25.00	30.00
	.041—\$46.43	.046—\$51.43
Re-delivery to Refinery—		
Labor, 50 1/2 tons at 60c....	\$30.30	\$30.30
Lighterage, 113,120 lbs., at 4 1/2c.....	55.15	55.15
	.076—\$85.45	.076—\$85.45
Total cost to receive and re-deliver.....	.117	.122
As storage is seldom paid beyond the date of delivery, the cost of one month's storage should be added:		
Storage, 1 mo., 50 1/2 tons at 85c.....	.038—\$42.93	.038—\$42.93
Total cost.....	.155c to	.16c

(Where the buyer takes up a number of contracts, he can usually arrange with the seller to

deliver direct to the refinery. This cuts down the cost of taking delivery to

Exchange Commission.....	\$25.00	or	\$30.00
Lighterage.....	55.15		55.15
	\$80.15		\$85.15

.072c—to—.076c

It is obvious that this latter method of direct delivery is limited to only a few of the largest manufacturers.)

Since it is such a simple matter to cover a short sale or close out a long contract through the exchange, thus permitting the two contracts to cancel each other automatically, it would be foolish for either buyer or seller to force the issue of an actual delivery unless there were some definite tactical advantage to be gained. Now suppose you had bought a July contract at 2.75. First notice day arrives and you find that you have overstayed your market. The cost-and-freight market happens to be at about the same figure, 2 3/4c. If the seller insists upon delivering to you through the exchange, it will cost him 15c to do so. The sale will thus net him only 2.60. On the other hand, it is going to cost you about 15c to receive the sugar in addition to the contract price of 2.75, in other words, 2.90. Now if the seller feels that he is in a better position to make the delivery than you are to take it, either because you are short of funds or lack the facilities for handling sugar, he will most likely tender to you a formal notice of delivery. This is the crucial mo-

ment. You have just twenty minutes in which either to sell out or accept delivery of the tender. In your anxiety to dispose of the sugar in the allotted time you will do some quick figuring. Actual raw sugars are worth 2.75. It will cost you 15c or 16c per hundred pounds if you are obliged to take the sugar. Therefore, anything you can get for your contract over 2.59/2.60 will be a saving. And thus are the discounts made. A speculative buyer will often sell at an even bigger discount.

Fortunately, the shoe is not always on the one foot. A steamer of raws is delayed for several days and sugars are pretty well cleaned up on spot. You know that the seller is going to have a hard time trying to find cheap sugar to tender against your contract, and so, instead of selling your future and buying your requirements in the open market as you would normally do, you hold back and eventually force the seller to pay you a nice little premium for the privilege of buying the contract back.

This business of trying to outwit the other fellow is characteristic not only of exchange transactions, but of all trading. Hence, if the seller thinks he can discourage the market by issuing a flock of notices which in reality represent but a small fraction of his short commitments, he will do so in the hope that the resulting depression will enable him to buy back all of his contracts under the price which he knows he can get for his sugars in the cost-and-freight market. If he succeeds in demoralizing the market he makes just so much extra profit. Or the buyer may take up all the notices and turn the tables the other way. The difference in net cost of an exchange delivery to buyer and seller is about 30c and how much of it you may be obliged to absorb when you overstay the First Notice Day is a matter for your own speculation.

Another Factor Which Influences the Margin

There is still another important factor which influences this margin between nearby futures and C.&F. raws, namely, which way the market is headed. On a rising market, buyers are in less hurry to sell out, for they feel that if worst comes to worst and they are obliged to take delivery, they are at least compensated in some measure by the profit they can make turning it over in the C.&F. market. At such times nearby futures bring higher prices than the actual raws in the open market. On a declining market these same buyers will sell out to avoid delivery, while sellers will make it a point to get out from under on their cost-and-freights before buying in their hedges on the exchange.

Because of the speculative nature of these variations, manufacturers must be careful not to base their transactions on extremes either

above or below the C.&F. market. In the long run, nearby future quotations and C.&F. raw sugars may average out the same, but the man who only employs the exchange occasionally will do well to play the game safe by adding to each purchase he makes the cost of taking delivery of that purchase, and deducting from every sale the cost of making the delivery. If he calculates his transactions in this manner he cannot go very far wrong. But for purely practical considerations, in the following pages the two markets will be considered the same.

Premiums and Discounts on Future Positions

Suppose upon glancing at the closing quotations in your evening paper you find

July	2.62
September	2.76
December	2.87
January	2.89
March	2.93
May	2.97

You also read further on that raws sold to refiners during the day at 2½ C.&F., practically the same as the July options. Why should each succeeding future month be quoted at a price higher than the month preceding? It comes back to the fundamental law of supply and demand. There are more people who wish to *buy* future production than there are producers willing to sell it. It is a measure of their joint faith in the underlying strength of the market. Who does sell these future positions, if not the producers?

It is the function of operators to bridge this gap. Sugars are bought in the actual market and stored either in Cuba or in New York. To the spot cost of his purchase the operator adds enough to cover his estimated expenses, plus a profit, and hedges by selling the sugar for future delivery on the exchange. The addition of these expenses together with the operator's profit makes necessary the slightly increasing scale for the later deliveries. Occasionally a speculator will sell these positions short, gambling on his ability to secure sugars at a lower figure later on.

A normal difference between high and low months would be about 15 points, that is, 15 points *over* the nearby month.

Not infrequently we find the distant months on the exchange selling at a considerable discount below the spot month. At such times operators and sometimes producers are looking forward to a decline in the market and pressing to *sell* future sugars. And when the supply of contracts offered from these sources exceeds the capacity of the market to absorb them, the prices of distant positions come toppling down.

By watching the exchange quotations for the distant months in which you expect to be using a large volume of sugar and comparing them with the prevailing spot prices, you will dis-

cover numerous opportunities to profit by these variations to the ultimate advantage of your refined purchases. A valuable barometer in this connection is the "spread."

The spread is the range between high and low months on the exchange. We have already remarked that a normal difference would be about 15 points. Spreads of from 20 to 35 points are quite usual. They are indicative of a fairly stable market. When the spread widens into premiums or discounts on distant months of from 75 to 100 points, watch out for violent changes in the raw market! Just as the premiums and discounts tell you which way the market is going, the spread tells you how far it is going. In this way the spread becomes a measure of the extent of the expected fluctuation.

If the spread between positions is great, buy the near position. If the spread is narrow, buy the later positions. This is safe practice.

As a matter of fact, some of the refiners, in order to determine the price at which they may safely sell sugar for advance delivery, strike an average of all positions, adding their differentials thus:

Average futures (Feb. to Dec.).....	2.89
Duty	1.77
Cost of taking delivery.....	.15
Refining differential	1.25
	6.06

Such a course insures a good profit and provides reasonable safety. By averaging the entire range of future prices, they are in effect employing the spread to discount the tendencies of the market. The same calculations might be useful in determining our own conduct in the market.

(To be concluded in the next issue.)

A. ADAMS LUND.

Don'ts for Buyers

Don't think you are smart to put something over on a salesman. If you get such a reputation amongst the selling fraternity, you will pay for it in the end.

Don't let the power of your position affect the size of your head. Be considerate and courteous to all salesmen who are sincere and conscientious, especially the "green" salesman.

Don't assume the "know-it-all" attitude. Remember the listener holds the key to the conversation.

Don't be tempted by any of the insidious forms of commercial bribery. A salesman who "buys" business invariably handles an inferior product or represents a weak company.

Don't let friendship for a particular salesman or a particular customer blind you to the opportunity offered by competing houses. Keep an open mind.

Remember the Standard Catalog Size is $7\frac{3}{4} \times 10\frac{5}{8}$.

Buying Etiquette for All Occasions

How to be Popular, though a Buyer!

When the salesman with the cleaning compounds offers to demonstrate the purity of his products by eating a mouthful or so in your presence, it is in order to lend him your whisk-broom and inquire solicitously the name of his nearest living relative. If this fails to deter him from going through with his gastronomical feat, request him to write a note to his undertaker asking him to leave the place the way he found it.

Any salesman who loses three or more of your orders in succession is entitled to the suggestion that his firm make you a "house account." Since this will leave him free to take up other duties, he will, of course, be thankful for your consideration.

A good way to endear yourself to your broker is known as the triple-cross. Persuade him to confide in you the name of the party with whom he is working. If his principal won't allow you the whole commission, offer the order to the broker on condition that he split fifty-fifty with the house. He will be impressed by your desire to see him make a little money.

If the office boy requisitions a 50c chair pad to keep his new trousers from becoming shiny, point out to him that the same result may be achieved by standing up. Thrift can never be taught too early in life.

As salesmen send in their cards, don't offend them by your haste to get the ordeal over with. Wait half an hour or so before you call for them. Walking around all day is a very tiresome occupation and they should appreciate an opportunity to catch up with their sleep.

As their cards are brought in, instead of piling them up in the order in which they appeared, try giving them the "Dutch cut" or practice up on a couple of good poker shuffles. This provides an interesting diversion from chewing the end of one's lead pencil, besides being an excellent test of the salesmen's endurance. You will find that those who haven't got brains enough to leave will be much easier to get along with.

(Continued next issue)

Purchasing Policies and Practices of a Large Confectionery Plant

by W. B. Cummings

Purchasing Department, New England Confectionery Co.

Our Policy with Sources of Supply

IN PURCHASING we are even more particular about the credit standing and the responsibility of the supplier than if we were selling him our merchandise.

We cannot afford to make an extensive installation of machinery or implements or other equipment unless we are safeguarded against failure to secure spare parts, duplicates, and the other special materials for maintaining the installation in proper condition at all times. Accordingly before placing an order we take special pains to satisfy ourselves that the firm soliciting our business can and will invariably supply us fully and promptly with the goods or shipments that we expect. And this precaution necessarily involves thorough consideration of the more distant future.

Not that this principle leads us to ignore unknown firms or unfamiliar ideas. We make it a rule to see everybody; we wish to encourage new firms and to develop fresh sources of supply, and also to keep well abreast of invention and modification or improvement in equipment and in operating methods. But we are not a laboratory nor a proving ground for experiments; and we cannot make changes that are at all likely to leave us in the lurch. Firms who do not have financial, industrial and technical strength are too great a risk for us to be tied to.

This principle applies likewise in the matter of supplies in the field of raw materials and general purchases. It may be an old story to emphasize the importance of quality, but there are still many supply firms that do not grasp the fact that while we are seeking as advantageous a price as is consistent, yet we cannot afford to sacrifice quality in our purchases under any circumstances.

Our purchases are made only after careful consideration and investigation. In these preliminary inquiries and tests we are interested

first of all in quality, then in suitability to our purpose, and in permanence of supply and promptness of delivery. That is, we are resolved to make sure that the bidder can and also will deliver what we want as we want it, and when and where we want it; that he has both the good will and the ability to do so.

Safeguarding Our Sources of Supply

Consequently, though we cannot risk depending entirely on any one source of supply, nevertheless we adhere to the practice of standing by reliable concerns. When a house gives us satisfactory service we like

to reciprocate by continuing to give it business. This consideration leads to the purchase of regular and standard goods from houses that supply us for years. In other words, such houses pass not only our preliminary tests and inquiries, but continue to pass the even more difficult requirement of living up to our standards, not merely once but again and again.

They get our orders through satisfying our investigation and then keep our orders by keeping up to that pitch of quality in goods and in service.

Necessarily, many of our raw materials, particularly crop goods, are purchased far in advance on contract. Nevertheless our rule on supplies is to purchase under ordinary circumstances the lowest possible quantity which will enable us to get a fair price. Items of which we use a large quantity we must buy in large units considerably in advance.

Base Prices on Our Yearly Consumption

It is our practice to suggest to supply houses that they base their prices to us on our total yearly consumption rather than upon the size of individual orders. Perhaps the best illustration of this practice is in the purchasing of stationery and office supplies. For years we have been purchasing from a well-known firm whose practice it is to call up every day and find out our exact needs. Their prices to us are based on the total quantity used. This gives



Factories of the New England Confectionery Co. Home of Necco Sweets, Boston, Mass.

us the advantage of getting a fair price without having to carry a large stock on hand, with the resultant waste and loss which occurs where such items are carried in quantity. Other firms have solicited us for new business, but have failed to interest us, because they do not grasp this idea of figuring our prices on a total consumption. Our present supply house is one of the exceptions which saw the wisdom of figuring quotations in this manner and is consequently receiving our business. A memorandum is kept of the items ordered from them over the telephone and then a confirming purchasing order is sent them.

Inspecting and Checking Purchases

We make use of all our different departments in inspecting and checking shipments. For, while our laboratory, with several expert chemists, tests all important materials, we find that it is desirable to turn over inspection and checking of material to the department most interested and to the persons most competent to examine it. This is particularly true of raw materials and equipment. We also expect and encourage various departments to report to us any defects in goods shipped us.

While there are many details to be handled in the work of the purchasing department, we

[illegible]

(Fig. 1) Issued by production department for delivery of raw material from stores.

make it a rule to see every salesman if possible, although it may be necessary to cut down the amount of time that we can spend with each caller. We want to be in touch with everything that is offered, and naturally we especially welcome the man who can give us valuable information.

Orders are seldom placed on the spur of the moment, particularly on items that we are not using regularly. Other departments must be consulted. It is only fair that we get in touch with other vendors and inform ourselves regarding the commodity offered and market con-

[illegible]

(Fig. 3) Purchase Requisition in triplicate used as a request to purchasing department for supplies.

Form 10-A

PURCHASE RECORD

Nº 2412 B

Form 10-A

PURCHASE RECORD

Nº 2412 B

Form 10-A

RECEIVING TICKET

Nº 2412 B

Form 10-A

STORES RECORD


Nº 2412 B

Form 10-A

PURCHASE ORDER

Nº 2412 B

NEW ENGLAND CONFECTIONERY CO.
253 SUMMER STREET
BOSTON, MASS.



F.O.B.	DATE OF ORDER
TERMS	REQ. NO.

IMPORTANT

ABOVE PURCHASE ORDER NO. MUST APPEAR ON ALL INVOICES AND PACKAGES.
SEND BILL OF LADING OR EXPRESS RECEIPT, GROSS WEIGHT INSERTED, WITH EACH INVOICE.

SHIP VIA

PLEASE SHIP US the following goods, which we purchase subject to specifications, conditions and instructions on face hereof, and in accordance with your contract with us, if there is one in force. Material shall be equal to the highest standard of its kind, at all times subject as to quality, condition, etc. to buyer's inspection before acceptance, and also to later rejection if use discovers defects not apparent upon receipt. Price to cover all charges unless otherwise agreed.

QUANTITY	DESCRIPTION	PRICE	
A			
B			
C			
D			
E			
F			
G			
H			
I			
J			
K			

SPECIAL INSTRUCTIONS OR REMARKS

PLEASE ACKNOWLEDGE AND ADVISE
APPROXIMATE SHIPPING DATE

NEW ENGLAND CONFECTIONERY CO.

BY _____

PURCHASING DEPT.

Original and four carbon copies.

Reproduction of Purchase Order (in quintuplicate) used by the New England Confectionery Co., which conforms to the standard order form adopted by the National Association of Purchasing Agents.

ditions. Not infrequently in considering equipment we like to secure comments or suggestions from other manufacturers who are using the machine or installation, so that we may profit by their experience.

Stores and Purchases Under One Head

In addition to handling the purchases, this department is also in charge of stores. This function enables us to keep in closer touch with our needs, to know exactly our quantities on hand, and since we are also in touch with the market, we are in better position to determine from time to time the relative advantages of stocking up or of buying for our current needs only. Since it is our responsibility to supply the needs of the different departments, we are best able to judge whether we can do this most advantageously by stocking up in anticipation of a shortage in the market, taking advantage of unusually good offers, or whether it is better to slow up our purchases or keep our stock down in anticipation of a break in prices. To have the stores under another department would restrict our freedom in making purchases in the open market most advantageously.

Receiving and Traffic Matters

The department does not deal with traffic matters, as a special traffic department handles all problems of this nature. When the inspection of incoming shipments indicates that the quantity received is over or under the quantity billed, the purchasing department is notified, and we make out either a debit voucher or credit voucher, sending it to the accounting department and a copy to the vendor. This method notifies our accounting department and the vendor immediately of any shortages or inaccuracies in shipments, and facilitates the handling of claims promptly.

Freight claims or claims for goods injured in transportation are handled by the traffic department.

We naturally desire to take advantage of all discounts, and do even to the extent of taking the discounts before goods are received in the case of distant freight shipments delayed beyond the discount period. As soon as goods come in, the receiving department takes charge of them and turns them over to the stockkeeper, who puts them in stores, from which they are issued to the production department.

Considerable time is spent by this department in investigating new equipment, new supplies, and other commodities which are needed by various departments.

Forms and Routine of Purchasing Department

In practice we have reduced the number of forms used in connection with work of the purchasing department to three.

Number one is the raw stores requisition; it

is made out by the production department and sent to the stores department as authorization for delivery of raw material to the production department. (See form "A.")

Number two is a purchase requisition, used as a request to the purchasing department when any special material or supplies are to be purchased. It is a rule that all requests for purchases of material and supplies which do not become a part of the inventory except in special cases are made out on this form. This form is made out in triplicate, one copy being retained by the issuing department for its files. It must be approved by a vice-president before the purchasing department can act upon it.

The Purchase Order

Number three is the purchase order. (See cut 4—A, B, C, D, E and F.) This purchase order is made out in accordance with the standard form adopted by the National Purchasing Agents' Association. Under the rules of this association the matter appearing on a purchase order is divided into seven sections: One is the head, containing the firm name and space for address of the vendor. Section two is in the upper right-hand corner, containing order number, terms and other instructions. Section three, appearing immediately under sections one and two, contains shipping instructions. Section four, in heavy type across the page, contains a statement of conditions. Section five is the main body of the order, containing space for specifying the items needed, quantity, price, etc. Section six is the blank space headed "special instructions or remarks," reserved for special details and instructions. Section seven is the bottom part, containing the signature and such other data as may be needed.

In the use of this purchase order by our firm, it is made out in the purchasing department for all items to be purchased, regardless of the size of the order. It consists of an original and four carbon copies. The purpose of these different copies, their use and destination, is as follows:

The original is sent to the vendor.

Copy No. 1, headed "Stores Record," is a light tissue sheet sent to the stores department to inform them that the material has been purchased and is on order.

Copy No. 2, Receiving Ticket, goes first to the general stores, to be held by them until the shipment is received; when the shipment has been inspected and counted, if everything is satisfactory, the general stores O. K.'s the receiving ticket and sends it first to the traffic department. The traffic department takes off such information as is desired to complete its record of tonnage received and as a check against freight bills, rates and classifications. It also serves as a basis for distributing freight charges

to the proper account. The copy then passes through the purchasing department to the cost department, where information as to such cost data is taken from it as may be needed. The cost department takes its prices from the receiving ticket rather than from the vendor's invoice. The receiving ticket is finally returned to the purchasing agent for check against invoices and for their permanent record.

Copy No. 3, Purchase Record, is retained in the purchasing department, filed alphabetically by the name of the vendor. It serves as a quick cross reference of the current unfilled purchases of each vendor or as an easy means of locating an order number.

Copy No. 4 is the permanent purchasing record, printed on stiff paper. It is filed first by subject and then by order number. On the back of this copy is a form on which may be kept a record of partial shipments. This copy stays in the uncompleted orders file until the order has been entirely filled. When the final shipment on the order has been received, it then goes into a "completed file" and stays there as a permanent record of purchases, filed by subject and then by order number.

Handling Uncompleted Orders

In those cases where partial shipments are received the receiving department continues to retain the receiving ticket, making an entry of shipments received on the back of this ticket. However, it is necessary to notify the purchasing department that the goods have arrived. In order to meet this need, a special form has been printed on a different colored paper. This form is an exact copy of the receiving ticket form, but contains no order number. Therefore, when a partial shipment is received the receiving department makes out one of the extra copies of the receiving ticket, enters at the top the proper order number, notes the quantity received, and sends this duplicate to the purchasing department. This duplicate of the receiving ticket follows the same path as the original would have followed if a complete shipment had come in all at one time. A separate duplicate is made out for each partial shipment received, so that eventually there may be accumulated in the files of the purchasing department a number of these duplicates, which are filed in the "uncompleted purchase record file" mentioned before, and attached to the purchase record of the same order number. When the last shipment completing an order is received, a partial duplicate of the receiving ticket is made out, attached to the original receiving ticket, and then sent through to the purchasing department. In this way the original receiving ticket, with as many duplicate copies as were made necessary by the partial shipments, is filed with the purchase record, and all the

papers are put away in the complete record file. Under this system the "uncompleted order file" serves as a basis for follow-up.

All correspondence and other papers relating to this order are attached to the purchase record in the "uncompleted file." When any question comes up all of the data relating to the order is easily located and found in one place only instead of scattered through a number of different files, as frequently occurs in other systems. This correspondence and the other papers relating to the order stay with the purchase record and are finally filed in the "completed order file." From time to time one of the assistants in the purchasing department goes through the "uncompleted orders file" and makes a note of all orders on which shipments are still due and calls these to the attention of the purchasing agent, then sends a regular follow-up letter, unless the case is one requiring special attention.

Under this plan the only other files needed by us are a catalogue file and a quotation file in which we file correspondence and quotations received from prospective vendors. Our general correspondence is filed by firms.

When we are looking up a special subject, making investigations prior to purchases, getting quotations, having trials made in our factory or tests made by the laboratory, we keep a special folder on which is written the title of the subject matter that we are studying. All correspondence, memoranda and other information accumulated are kept in this folder until completed. These folders are, of course, kept in a live file until we have finished with them. After the matter has been settled and orders placed, the folder is filed away under completed business.

About the only other record of importance that we have is an individual ledger sheet for each individual supplier kept in the accounting department. This ledger sheet contains a reference to all O. K.'d invoices, and of all payments, credits and discounts, so that by looking at this ledger sheet we can get a complete record of the business done with the firm.

Invoices from vendors come in by mail and are sent to the purchasing department first. Here they are checked against purchase orders and shipments received. If everything is in good order and satisfactory, both as regards shipments and invoice, they are O. K.'d for payment and pass to the accounting department. The accounting department checks account classification for distribution on general ledger. The invoice is then submitted to a vice-president for approval, and when approved by him comes back to the accounting department, where a payment voucher is made out. This is then passed to the treasurer for payment.

The Program of the Purchasing Conference

EDITOR'S NOTE.—The ten questions below were recently submitted to our subscribers by letter. A portion of the replies are published herewith on the pages directly following. The discussion of these and other subjects relating to the purchasing of confectioner's supplies will be continued in the October and subsequent issues.

- 1—**Do You Have Trouble Getting Supplies According to Your Specifications:** — Would a closer co-operation between the original sources of supply, their distributing agents and the buyers of confectioner's supplies improve this situation? What constructive work do you believe could be done by cooperative effort which would make the relations with the confectionery supply field more mutually profitable?
- 2—**Purchasing Standards and Specifications:**—We would like to devote some space to a discussion of the practicability of establishing purchasing standards for confectioners' raw materials and supplies. In commenting on this subject would you kindly give in detail the specifications which you have adopted on some materials on which you have experienced difficulty in getting duplicate shipments of the same uniform quality desired. Mention the materials on which you believe it would be well to work up a set of suggested standards and specifications, in cooperation with the leading reliable sources of supply, in order to facilitate the purchasing of goods of known values.
- 3—**Do You Consider it Good Practice to Look Into the Credit Responsibility of Supply Firms** especially those with whom you place orders or contracts for future delivery?
- 4—**What Do You Consider the Three Most Important Requisites of a Good Supply Salesman?**—Also of a supply firm?
- 5—**Do You Think it Advisable to Fraternize or Mingle Socially with the People from Whom You Buy? Why?**
- 6—**What Is Your Attitude Toward Trade Associations,** such as farmers' cooperative associations, dairymen's leagues, etc. Do you encourage independents in your dealings?
- 7—**To What Extent Is the Buyer Responsible for the Quality of the Manufactured Product?** —It seems to be generally admitted that one of the evils of the confectionery industry is a disregard of quality, which has a tendency to lessen the general consumption of candy. To what extent are the buyers responsible for this condition?
- 8—**How Can a Purchasing Department Measure Its Value to the Firm?**—Salesmen compare their annual sales totals to find out whether their business is going ahead or falling behind; can you suggest some similar means by which the buyer can determine his relative value to his firm from year to year?
- 9—**Comedies and Tragedies of the Purchasing Department:**—By way of a lighter vein, give a few actual experiences in connection with the purchasing of supplies or equipment which will make a good story.
- 10—**What Would You Suggest by Way of a Buyer's Code of Ethics?**

*Purchasing Conference—Continued***From F. D. Seward****Purchasing Executive, National Candy Co., St. Louis***Re Question No. 1*

A BUYER should be fully conversant with the use of each raw material and the resultant effect in candy. Laboratory tests are essential as to complying with the pure food laws and meeting contracts, but the matter does not end there. Practical working tests are necessary.

For instance, a gelatine may work satisfactorily in one class of marshmallows and give the proper yields, but another gelatine may prove better in other types of marshmallow goods in which a different formula is used, each of these gelatines having passed the laboratory tests.

My experience has been favorable as to shippers complying with specifications, but there is always a possibility of a variance. Nature does not produce the same identical crop each year, and some consideration has to be given to such differences.

The foreign packers of shelled nuts have not exercised the same care in grading as they did before the war. While nuts may run to count, they might not be uniform in size, which is most necessary. I believe the New York Importers' Association is endeavoring to overcome errors in grading by insisting upon certain specifications being followed.

A buyer of supplies should insist in all written contracts that all specifications and understandings be included.

A salesman may make statements and give information to the buyer which he believes are correct, but if not included in the contract might lead to misunderstandings. I was forced to return one contract three times before signing, as all the conditions were not included in the contract as submitted.

Arbitration is both old and new, the latter as far as the candy business is concerned. Proper forms and procedures should be considered. In my many years of business experience there has been only one arbitration case. Fortunately we have dealt with firms the heads of which were fair-minded men, and any differences were satisfactorily adjusted.

Re Question No. 3

In making a contract the credit responsibility of the seller should be investigated, if not known, as well as his reputation for fulfilling his contracts.

Re Question No. 4

Among the qualifications of a good supply salesman, to my mind, is to know his line thor-

oughly, keeping posted from day to day as to present prices and market conditions, both foreign and domestic. Be conversant with competition. A pleasing personality is a good asset.

The buyer generally has his own sources of information and the combining in his "think box" of all this knowledge gathered from various sources forms a basis for his conclusions as to purchases.

Re Question No. 5

It is well to personally know the principals of the firms with whom one does business, especially in the larger matters. Knowing each other makes it a man to man proposition.

When any trouble arises it can be easily and quickly settled. An occasional social call does no harm, but do not place one's self under obligations.

As to salesmen, what a lot of good fellows they are, but don't put yourself under obligations to them either.

One is frequently asked by the visiting salesman, not to place the next order without giving him an opportunity to quote. This might look reasonable, but it is not. It would probably make him feel thankful at the time, but consider a rising market and a special quotation being received for immediate acceptance, any delay in accepting would probably cause one to lose the special price. If you had promised to await quotations or hold orders and did not, you would be breaking faith, so don't make promises to the salesman just to be a good fellow.

Re Question No. 6

My experience with cooperating selling associations has been limited. The rules and regulations of the first formed Co-operative Peanut Association did not meet with my purchasing ideas.

Re Question No. 7

Prices should not control a buyer's purchasing, but buy the best quality from responsible sellers as cheaply as possible, but don't forget the *quality*.

A buyer should not be held to account if the stock clerk uses a fresh arrival of material and permits older supplies to remain until the claim for spoiled goods appears.

There should be a close co-operation between the buyer and the manufacturing departments in the usage of raw materials.

Systematic inventories, perpetual or otherwise, should be kept.

PURCHASING CONFERENCE

(Continued)

Re Question No. 8

In arriving at the value of the purchasing department various things have to be taken into consideration. The records will show whether good purchases or contracts have been made. For instance, a thirty-day contract on sugar may have been made at a fixed price. Records could be kept of the market prices on the date of ordering shipments against this contract and the profit or loss could easily be ascertained.

If it were a guaranteed contract and the market declined, the factory would naturally get the sugar at the market price.

If the market had advanced, the profit could be figured as if made, though the factory might be charged at the lower contract price. Similar records could be kept on other items.

Judgment as to the kind of supplies to buy, when and from whom, keeping fully posted as to markets, the general handling of the department, all enter into the value to be placed on the department. While a part of these items might be figured from a monetary standpoint, others have to be more generally considered, including the individual element.

"That Reminds Me"

It is sometimes humorous to hear explanations as to how things happen. Some years ago I was in a retail candy store (this was before the government rules as to weights was established) and found that the proprietor had received a few days previous a shipment of a well-known line of candies, packed in so-called one-pound boxes. They seemed rather light and he weighed the candy, which he found to be 12 ounces net. He immediately reported it and the shipper's reply was as follows: "Received your report on our one-pound boxes. We packed all that the boxes would hold."

Another instance, an order was made for a certain water-marked high grade bond letter-head at quoted prices. When received they were found to be embossed on an inferior bond paper and the shipper was so advised. The reply was that they did not happen to have on hand any of the bond paper on which they quoted. They finally suggested settlement on the basis of the cost of the inferior bond paper, eliminating their production charges and profits.

If specifications are not followed expensive losses occur.

A few months afterward a new salesman for the same house called and after a prolonged dissertation as to the benefits of dealing with his house, their responsibility, quality of work, etc., and disparaging others, I told him I had

not intended to mention our experience with his house, but as he was new to the road, it might be of value to him in soliciting business from others not to step on the pedal quite so hard as to the quality of his product and the unsatisfactory quality of products of other manufacturers.

A buyer's code of ethics would be a fine thing, if those who needed the instruction would assimilate the ethics.

In Re Specifications and Standards

We wish there were more generally recognized standards in customary use among confectioners. We cannot afford to maintain a chemical laboratory and are, therefore, somewhat at a loss to know exactly how to word our buying specifications and how to check up on shipments received. While we occasionally send out samples to consulting chemists, nevertheless we find this rather expensive and too slow to give us satisfactory results.

You would perform a service to your readers if you could publish in your magazine a list of the generally accepted standards in common use among the trades from which confectionery establishments draw their supply. We understand that certain standards regarding farm products have been set up by the Department of Agriculture and other government bodies. Chemical standards are, of course, fairly well laid down in the United States Pharmacopoeia and also by the Government Bureau of Chemistry. There must be other definitely established standards than those recognized by trade associations and trade customs. Would it be too much of a task for you to compile such a list, publishing it first in *THE MANUFACTURING CONFECTIONER* for comment and criticisms, and then incorporating it later in your Blue Book as a guide to both the buyer and the seller?

T. C. Q. (File 331).

With the growing practice of purchasing on the basis of definite and recognized standards and specifications, we have found it desirable to install a chemical laboratory which is gradually developing for us fairly definite standards to be used by our purchasing department.

Instead of establishing absolutely new standards of our own, we are endeavoring to make use of existing standards which are accepted by the trades with which we deal. Nevertheless we believe that there is a need for more definite and more exact material specifications in the candy industry.

At the present time we have one chemist and an assistant in our laboratory, and have found

PURCHASING CONFERENCE

(Continued)

them of great help, not only in the inspection and testing of incoming commodities and the establishing of standards, but they have also been a great help to our production department in perfecting processes and overcoming manufacturing difficulties. We might mention several instances where difficulties encountered prove to be of a chemical nature rather than a mechanical problem.

We have recently been studying the question of markets and are surprised to find the wide variety of agencies that offer assistance in keeping in touch with market conditions. Perhaps you could persuade some of your subscribers who have had considerable experience in this line to write an article telling how they keep in touch with the market.

(File 557.)

From Clifford H. Begley, P. A., Imperial Candy Co., Seattle

No. 1. The difficulty one experiences in not being able to procure goods according to specification is caused largely by the order being written up by a clerk who is not familiar with the quality of goods the buyer expects, and if the supply houses would give more attention to choosing capable clerks who have been groomed in their own company and who understand the standards of merchandise required by the various houses with whom they are doing business, a large part of this inconvenience could be abolished. For instance, when a requisition reaches a ribbon house, it will read "10 M. Yds. Blue Silk Ribbon No. 86," which to the intent of the buyer is sufficiently explicit, but if the order is filled with another color of ribbon entirely, is it any wonder the buyer will throw up his hands and say "What's the use?" Yes, gentlemen, a lot of this grief is caused by the clerk who writes up our orders.

No. 2. We have in the manufacturing confectionery industry a certain set of standards which are generally maintained. Take, for instance, sugar, the basic foundation on which all our product is built, and we find that we have set as our standards in refined sugar "Confectioners' AA," and in the Muscovado sugar, "Golden C." There are, it is true, several other brands of sugar used, but the above mentioned constitute the base and therefore are standard. In corn syrup it is the same, as 43° corn syrup constitutes the standard quality for the manufacturing confectioner, and so it is in all of the raw materials which we use—we have educated the manufacturer to the standard of merchandise which we require and by continually demanding that our standards be maintained we have eliminated a large portion of the difficulty which heretofore existed.

No. 3. In placing contracts for the "future delivery merchandise" great care should be taken to acquaint oneself with the financial standing and the integrity of the companies with whom you are doing business, as much money can be lost by not giving this phase of our buying due consideration, as it means nothing

to simply place an order with a house at a specified price if that house is not trustworthy and has a reputation for not living up to their obligations. You can readily see what it would mean in this age of changing conditions not to be fully protected—first, as to quality of goods, and secondly, as to the integrity of the houses with whom we place our business.

No. 4. A supply salesman to "make good" with the manufacturing confectioner must possess:

- (1) A responsible, recognized house to represent.
- (2) Goods of standard quality to sell the trade.
- (3) Personality and ability to adapt himself to his customer's requirements, to refrain from loud boasting, but rather show by his integrity that he has his customer's interests at heart.

No. 5. It is a good thing to mingle socially, to some extent at least, with the representatives of the firms with whom you are dealing, as if you can create a sort of fellow feeling for each other, more good than evil can come from such visits, as it is only by knowing our fellowmen that we really appreciate each other's place in the world. If we can meet each other "at ease" we are more apt to get the best consideration that is possible to the probable advantage of our companies.

No. 6. We like to feel and to have our customers feel that we give them at all times the very best service possible, whether our customers be members of a "Co-operative Association" or a "Chain Store Company"—in business one cannot stop to consider too seriously the person we are selling as much as the responsibility of that person to meet his obligations. It is true that some of these associations demand considerations and one can only meet these demands to the extent commensurate with the principles of established custom.

No. 7. In buying supplies in general for a manufacturing confectionery it should behoove the buyer to at all times respect, if possible, the quality of these supplies, as too much care cannot be given to this to insure that the manufac-

PURCHASING CONFERENCE

(Continued)

tured goods are of first-class quality, as it is only by maintaining a strict standard of quality that we can hope for distribution. There is nothing that will cause a manufacturer to be a "has been" quicker than to let his merchandise reach the customer in a state below the standard to which he is accustomed, as once his faith is even slightly shaken our business suffers just in that same proportion. Yes, it certainly does mean something to the manufacturer to at all times see that his goods reach the consumer in first-class condition and the buyer can assist largely by checking the raw materials before they reach the manufacturing process.

No. 8. There is a good deal of thought being given by large manufacturing concerns as to the method of proving the value of a Purchasing Department in their business, and while there is not a definite manner of actually proving in dollars and cents just what the actual saving or loss that this department may have over a given period, such as in comparing a salesman's cost of selling, still there is much satisfaction to be gained in the knowledge that the Purchasing Department has in its possession the daily market reports for guidance in buying both seasonable and staple items and can always place their fingers on the pulse of the market to determine the most advantageous time to make its purchases of these items, and while the changing conditions of the markets call for a rigid study at all times, we are largely inclined to be governed by precedent. Sometimes the established precedent fails and, of course, to the one who sticks closest to the prevailing conditions goes the plum. We cannot allow precedent to govern our purchasing, but on the contrary, we must keep in close touch with conditions as they exist. The changing conditions of the market usually call for commodities to likewise change and, therefore, the Purchasing Department's true value to the concern is in acquainting the manufacturing department of the changes in market conditions, thereby allowing our company to either advance or lower our selling costs and to realize at all times a proper profit.

Nos. 9 and 10. Probably the greatest "kick" we in the Purchasing Department get out of our daily routine is the different types of salesmen whom we meet and the "high-powered" knight is in most cases the best, as the manner in which he talks over your head is, to say the least, very amusing; but we just let him buzz—maybe he thinks we are ignorant, who knows? But the buyer should always try to give a salesman a hearing, no matter what his nationality,

and by way of reciprocal appreciation he should remember that we are busy people and have others awaiting our assent or rebuff.

CLIFFORD H. BEGLEY, P. A.,
Imperial Candy Company, Seattle, Wash.

**From Harry L. Schlesinger,
Atlanta**

WE HAVE never had but very little trouble getting goods delivered up to specifications, as we have always bought from reliable, established houses—people who have been manufacturing or handling these goods for sufficient length of time to have established a reputation, and one that they desired to protect.

It would be a very difficult matter to establish any standards for raw materials, as different confectioners find different standards more desirable and adaptable to their particular needs, even though they made practically the same class of goods.

We always make it a rule, especially in dealing with new houses and on contracts, to investigate not only their financial responsibility, but most important, their general reputation for delivering goods and keeping their quality up to requirements.

We would consider it essential in a salesman that he know his goods, know the market, would be willing to give us the benefit as far as possible of conditions, and not working strictly for today's orders, but working for future business.

A supply firm should handle first-class goods and keep their customers advised as far as possible of any marked shortage or oversupply in materials, or any specific reason for any marked change in price.

The social feature should not be allowed to interfere with business in any way, and knowing a man outside of business should not influence a buyer's attitude towards a purchase.

We have always catered to the independents in our relations with suppliers.

To a very large extent the manufacturer is responsible for the poor quality of candy that is being merchandised. They are willing to sell at pretty near any price to get the business, and then try to make the goods cheap enough to come out with a profit. Of course, this business policy will not build them a permanent success.

I do not think any more striking example could be given than the way the Jelly Bean

PURCHASING CONFERENCE

(Continued)

trade has been ruined by low quality jelly beans. A good slogan is "Quality is economy."

It would be a very difficult matter for the purchasing department to make a comparative analysis of their value from year to year, as market conditions are so variable. Goods they would buy for one price this year would be unreasonable the next year, or vice versa.

If buyers would stick to good houses and be willing to pay a fair market price for good goods, and see that they got them, in my opinion they would have much less trouble.

HARRY L. SCHLESINGER,
Atlanta, Ga.

*From Roddewig-Schmidt,
Davenport*

Question No. 1. Yes, we would favor closer co-operation between purchasing interests of our industry. A plan similar to that of the independent biscuit plants could be adopted. Adopt Bureau of Research and Chemistry.

No. 2. This subject varies with every factory's experience. Raw materials fluctuate as to standards. Brands are usually adopted by individual firms without respect to those of others. We may cite chocolate coating. Every manufacturer has his own brands, which, therefore, is of little use for comparison with others.

No. 3. Certainly it's safest to deal with reputable supply houses. You may recall the Sugar Contracts 1920, when sugar dropped from 22c to 8c.

No. 4. The most important requisites of a supply firm and their salesmen are, we believe: Character, Honesty, Sincerity, Service.

No. 5. Can do no harm for better acquaintance sake, but should be within good judgment.

No. 6. Independence preferable.

No. 7. Seller's guarantee should stand for something and be respected as it usually is by reputable firms.

No. 8. Purchasing Department can best show its value by the year's results. The Buyer can, of course, not always hit the lowest market, but can hit a fair average with good judgment and close watching. His aim should be to avoid overstocking and keep careful check on inventories and supplies from day to day. His value should not be so difficult to determine and Salesmen's Sales alone do not tell whether profitable or not, as the salesmen rarely know the manufacturer's cost.

No. 10. Buyer's Code of Ethics are like Golf Etiquette, usually disregarded. You can't find the majority would respect them. (That is human nature the world over.)

From Walter J. Hirsch, Chicago

Will not pass on Nos. 1, 2 and 3, but confine myself to what I consider more important subjects.

No. 4. The three most important requisites of a supply salesman are:

1. Honest Representation.
2. Do not by high power salesmanship sell any article that the buyer cannot use at a profit to himself.
3. Be a gentleman, be clean, and neat.

No. 5. I think it very poor policy for the buyer and salesman to fraternize. You can always have more satisfactory relations by just a good will relationship instead of a friendly or comrade relation.

No. 7. The buyer in a sense is not responsible for the quality of the merchandise he purchases, but rather the manufacturer that misrepresents and the salesman who does not properly sell the buyer.

As an example take Peanut Brittle, or Jelly Beans. In appearance they all look alike, but in eating they differ. In the old days one could buy a nice soft good eating jelly bean well flavored. In order to increase the business the firms continued to cheapen the piece because the salesman did not talk quality, but went back to his boss with the following story:

"If you want to sell John Smith jelly beans, we will have to meet the Bum Candy Company's price of so much per pound; so let us make the bean to meet this price or else we lose the business."

This is the same story that makes its rounds, and the candy manufacturer wonders why he sells so few beans. Just you try and bite into these cheap jelly beans, and not alone will you spit out what you have bitten into, but you will swear off forever, for all you get is a lot of glue that makes the dentists happy and rich. Make candy that eats and tastes good and the trade will come back for more.

Today manufacturers are selling Peanut Brittle as low as 7c per pound, and the average jobber is buying it because it is cheaper.

I guess if the buyer would take a look into the kettle when and where this candy is made, I doubt very much if he would buy it for any price.

Peanuts are full of dirt, many wormy, for it is necessary for the manufacturers to buy salvage sugar and peanuts to make such a low price.

This a subject that would take a book, and then most of it would be left unsaid.

I think the few subjects on which I have just written cover the biggest evils, and the main evil of all is low grade merchandise made to sell, not to eat.

PURCHASING CONFERENCE

(Continued)

No. 3. Do you consider it good practice to look into the credit responsibility of supply firms, especially those with whom you place large orders or contracts for future delivery?

DECIDEDLY, yes! Several friends of mine who are buyers in other lines have taken issue with me on this question and contended that it's the seller who takes all the risk and that if the seller should fail, the worst that can happen to the buyer is that he be returned to the condition in which he found himself before he placed the contract. A couple of experiences which we had during the two years which followed the war convinced me that this attitude is not only short-sighted but dangerous. We consider the following to be three good reasons for looking into the credit of every firm with whom we place a fair-sized order or contract calling for future delivery:

(1) If the seller fails after the market has advanced and you have earned a book profit on the uncompleted balance of your contract, you must replace the deliveries on the open market and suffer a loss equivalent to the difference between the prevailing market and the contract price. Since you have probably already figured your costs on the basis of the contract price, you cannot count this difference as anything but a tangible loss.

(2) Many a firm doing business "on a shoe-string" has sold you a block of goods which they did not then possess but expected to purchase at a lower price later on. If the market

goes against them, that is, *up*, they are stuck and unless they are in a strong enough position to take the loss themselves or can get the banks to carry them, they must refuse you the deliveries to which you are entitled. Being virtually damage-proof, it doesn't pay to sue them. Again, you lose.

(3) A great deal of business is being transacted these days on terms "sight draft against bill of lading." In other words, you pay for the goods while they are still in transit. If, upon arrival and examination, it should develop that the shipment was of inferior or otherwise unmerchantable quality, you would at once be placed in the position of creditor to the firm that sold you the goods. Now practically every firm that fails has a lot of shipments in transit when it goes under and if you don't look into the credit of the people you buy from, you're apt to own one of them some day, and find that you have come in for a lot of useless junk!

And don't forget that if the seller fails after the market has gone down, the receiver or trustee in bankruptcy is going to force you to take the deliveries, so don't grin and think you've saved some money; you can't gain, you can only lose!

A Buyer Whose Boss Won't Let the Firm Name Be Used

From a Hard-Boiled Sub.

Replying to your buyer's round-table questionnaire: Answering your questions paragonically, we don't have no trouble getting goods. We specify, and if the supply house don't cooperate they don't get no more orders from us.

No we don't want any closer cooperation with salesmen. They are cooperating around here now so much trying to sell us goods that we sometimes think we will have to close the doors so we can do a little business to pay bills with.

Purchasing standards and specifications may be all right for the other fellow, but we have been in business so long that we know goods just as well or better than most supply houses. If goods don't look and taste right or ain't what we ordered, we fire them back—quick, and let them do the standing and specifying.

What do we care about the credit responsibility supply firms. If they don't ship their goods they don't get the money.

We consider the three most important requisites of a good supply salesman—get out—stay out—keep out. If we want any goods we know where we can buy them, and we wish you would put an ad. in your paper telling them not to keep pestering us.

We don't think it advisable to fraternize with sales-

men unless we like them and they are willing to pay the bills. Anyone who is fool enough to spend money on us is welcome.

Outside of that, we think you have a fine paper.

Very truly yours,
A HARD-BOILED SUB.

A Recipe for Killing Sales

Recently the purchasing agent of a large firm decided to buy butter from a new firm that had been soliciting his trade. Two or three trial shipments came through satisfactorily. Finally he gave them a real order.

Imagine his astonishment when he found that a large part of the butter shipped in was not up to his standards. Moreover, the poor butter was mixed into the shipment in such a way as to indicate either gross carelessness or deliberate intent to slide the poor quality by. Of course, the butter house apologized profusely and offered to make an allowance for the poor quality. After the adjustment was made the supply firm's name was "blackballed" from the buyer's files.

"We cannot afford to take chances with a house that conducts its business so inefficiently as to allow a shipment of that character to reach its customers."

*Purchasing Conference—Continued***No. 4. What do you consider the three prime requisites of a good salesman?**

We can dispense with the Beau Brummels, the Professors of English, and the High-Power Merchants, but give us a salesman who knows what he is talking about. This will satisfy all three requirements for me.

A SUBSCRIBER (File No. 234).

He must possess a thorough knowledge of his products. I am never flattered when they send me a salesman who knows less about his products than I do.

He needs a calm, even-tempered disposition. If he is pleasant and agreeable he makes me feel as though I would like to give him an order

whether I have any to give him at the moment or not. The quarrelsome, argumentative type talks himself right out of my presence. Life is too short to quarrel over orders.

He should be patient and persevering. The man who can take his "bad breaks" graciously and stick to his rounds as long as I'll let him deserves to win when the others have got tired and dropped out. His product may not be any better than anybody else's, but he's a living monument to the firm that sent him out. What is more, he'll probably still be taking the orders when I'm gone.

A SUBSCRIBER (File No. 341).

No. 5. Is it advisable to fraternize or mingle socially with the people from whom you buy?

I do not believe it a good policy to mix in with the people I do business with. If you make personal friends out of business acquaintances they expect you to show them a lot more consideration than you show to anybody else. They trespass upon your time when you are busy as no mere outsiders would dare. They expect you to tip them off on the other fellow's prices. Sooner or later the other salesmen come to the conclusion that you are playing favorites and competition immediately ceases. I believe in being pleasant to the people I do business with, but bringing in the social stuff with the wife and kids and all doesn't work.

A SUBSCRIBER (File No. 234).

It has been my experience that friendly relations outside of business help to bring about desirable associations in business. On the other hand, I hardly think it necessary that these contacts be permitted to interfere with your judgment regarding purchases. I once heard a man say, "My brother expects me to favor him in business. If he can deliver the goods, I would

like to see him get a good share of the business but I can see no reason why the relationship shouldn't work both ways. He ought to make me just a little better proposition than anybody else, just because he is my brother." Which is true; every such friendship or association must work both ways if the results are to be permanently satisfactory.

A SUBSCRIBER (File 414).

A certain amount of social relations with business acquaintances cannot be avoided, nor would it be wise to try to avoid them if it were possible. Many big businesses have been the outgrowths of personal friendships. If the friendship is the kind to be desired, it will function equally well under competitive conditions. If two or more persons are trying to get your business and they all make you identically the same proposition, which is not at all unusual, you will have to discriminate among them anyway, so what objection can there possibly be to giving it to the man who would do the same for you if the tables were reversed?

A SUBSCRIBER (File 341).

Is "buying on faith" a desirable expedient in modern purchasing?

Much depends, of course, upon the character of the material purchased and the reliability of the house in whom that faith is placed. The difficulty and almost impossibility of checking up on vanilla extracts, true oil of sassafras, sweet birch and bitter almond by chemical analysis leaves you little other alternative in the case of these items.

A SUBSCRIBER (File No. 234).

It has been my observation that buying on faith is undesirable, not because of any suspected dishonesty on the part of the supplier (if you thought he was dishonest you probably wouldn't have given him an order anyway), but rather because, like yourself, he employs help that are all too human and apt to make mistakes in grading, counting, checking and packing. Besides that he must stand in back

PURCHASING CONFERENCE

(Continued)

of them or take for granted that everything you tell him about his organization's falling to pieces is right!

Goods come into the supplier's warehouses and move out again often without even being seen by the man who actually sells them to you. If he has seen them like as not it has been a small sample which he has sent some ten-dollar-a-week boy to pick up for him and possibly not at all representative of the lot sold to you.

No. 6. **What is your attitude toward trade associations, such as farmers' cooperative associations, dairy men's leagues, etc.? Do you favor independents in your dealings?**

Whether or not we like it from a competitive standpoint, we cannot help but realize that we are entering upon a period of general consolidation the link of which we have never seen before. Trade associations are coming more and more into prominence every day. It is a pity that we haven't been able to form satisfactory buying organizations yet, but perhaps we are coming to that.

Organization and cooperative marketing among growers, importers, dealers and manufacturers is not usually conducive to low prices. It is much more difficult for a buyer to show his mettle in a market that is practically price-controlled than in one which is a free-for-all. But as long as there is competition among these various trade associations (as for instance, between the growers of one locality and the growers in another), I cannot see where the buyer is so badly off. To me, there is a fundamental difference between a cooperative marketing association and a price-fixing combine. When a single group or association of interests attains a dominating influence in the market, then is the time to not only favor the independent but to do everything humanly and legally possible to break up the monopoly. And brother, let your conscience be your guide!

A SUBSCRIBER (File 234).

A successful man is one who has tried, not cried; who has worked, not dodged; who has shouldered responsibility, not evaded it; who has gotten under the burden, not merely stood off; looking on, giving advice and philosophizing on the situation. The results of a man's work are not the measure of success. * * * To have worked is to have succeeded—we leave the results to time. Life is too short to gather the Harvest—we can only sow.—Hubbard.

If the goods are not satisfactory when they are delivered to you, he may offer to take them back. But in the meantime they have to be handled in and out, opened up and examined, recoopered, and all the time the plant is being laid open to the possibility of contamination from the rejected shipment. Too many misunderstandings arise through buying on faith to make its general application a desirable expedient.

A SUBSCRIBER (File No. 341).

A Buyer's Code of Ethics

1. First and most important, "Treat the fellow who calls to sell you with the same consideration that you would have him treat you if you were in his shoes and he were in your chair. Salesmen are human, in spite of the fact that some buyers think to the contrary.

2. Honey draws more flies than vinegar. Salesmen respond to kindness. Courtesy costs nothing. The man calling upon you may have an ace up his sleeve. You stand a better chance of him slipping it to you if you hang out the "welcome" sign.

3. Do not keep a salesman waiting if you can avoid it. Some buyers feel that "effect" can be secured by delaying an interview. Such is not the case.

4. Responding to secret handshaking and finger pressures is hardly to be encouraged. If a buyer belongs to some fraternal order, he will prove more of a credit to it if he will keep the fact to himself.

5. Respect what a salesman has to say concerning his merchandise. He may be an expert at his own particular line with years of experience to support the statements he makes. If you do not agree with him, telling him so will not create any good will.

6. Spend your company's money with the same careful judgment as if you were making a purchase for your own personal needs. Your employer's dollar is just as big as your own and he thinks just as much of it—maybe more.

7. Properly met, salesmen bring more information to you with less effort than can be secured in any other manner. Encourage them to tell their stories—let them do the talking. Let us be good listeners.

8. Keep your appointments made with traveling men. It costs money to maintain sample rooms. If you do not intend to keep an appointment be frank enough to say so. The salesman will respect you for it rather than condemn you.

GEORGE J. SCHAPP, P. A.,

True-Blue Biscuit Co.

Purchasing Conference—Continued

No. 8. How can Manager of Purchasing Department measure his value to the firm? Salesmen compare their annual sales totals with previous years to find out whether they are making good or falling behind. Can you suggest some similar method for the buyer to determine his relative value to his firm from year to year? In other words, "What is the measure of Purchasing Efficiency?"

That's a poser. Any buyer who can answer that deserves a raise. There doesn't seem to be any single way to analyze a year's savings through purchasing efficiently. Certainly the comparison of gross expenditures or of raw material costs means nothing, since a turn of

the market would upset the values on which the comparison was founded. At stated periods of the year we take the material inventory, include with it the quantities in storage and tied up on contract and make extensions at cost and current selling prices, as follows:

Material	Inventory		on contract	Total
	on hand	in storage		

Cost per unit	Total value	Current market price	Value to replace	Net profit or loss
---------------------	----------------	----------------------------	------------------------	-----------------------

Obviously, this does not show the total savings during the year, but merely reflects the condition of profit or loss on purchases at stated times. Also, it would be hard to show savings on items like boxes which are made to individual specifications, and on which the current costs would have to be estimated by the manufacturer who made them.

Of course, a lot depends upon what the buyer is trying to prove. The ability to buy cheaper

than anybody else on a given market would require one kind of statement. Foresight in covering ahead when the market is favorable would need a different line-up. In any event, the savings in this department are apt to be extremely difficult to prove, since their effect may be entirely nullified in the final figures of the business owing to extravagant methods of manufacturing or marketing the goods.

A SUBSCRIBER (File 736).

Mr. Lund on This Question No. 8

I have had so many of my acquaintances tell me that showing his house that he was worth more than they were paying him was the one impossible task which confronted every buyer, that I decided that if it was that hard, it must be worth a little study. So here is my bid for the limelight; let me know what you think of it.

I take the *average monthly market cost*, as established by competent authorities such as Willett & Gray for sugar, Producers' Price Current for fresh fruits, milk products, etc., and importers' lists on nuts and dried fruits, *subtract* from these averages the *average monthly inventory cost*, which your bookkeeping department will give you, and *extend these differences by multiplying by the quantities of material consumed during the month*. Once you get this system started, it will take a good medium-priced clerk about two or three hours a month to keep it up. The slight inaccuracies of this method average up over a period of time. The principle on which it is based is sound, because storage and contract prices mean nothing except as profits are taken on them during the month of use. It is understood that the average monthly market costs would be based upon acceptable qualities of merchandise.

Where a firm takes on a new buyer, they can put him on a two-year contract and compare his

savings with the results achieved by the previous buyer. It gives the new man something to work against. No one would think of retaining a salesman who was unable to make money for the firm and the sooner buyers climb out of the "necessary evil" class and prove themselves money-makers, the better for all concerned. I will welcome criticisms of the above method and any suggestions as to how it may be improved.

Remember the formula: Average monthly market cost *less* average monthly inventory cost, *multiplied by* the monthly consumption *equals* the purchasing profit or loss.

A. A. LUND,
Happiness Stores, Inc.

The Buyer's Mother Goose

*The cocoa importers got up a corner,
To hold their Accras high;
The crop came in big, but that don't mean a fig
To suckers like* you and I.*

(*Poetic license.)

*Another day, another dollar;
Peppermint's come into its own.
It gets me hot under the collar
When I think how the damweed is grown!*
—A. A. L.

*Purchasing Conference—Continued**From R. T. Stokes, Secretary***The Biscuit & Cracker Manufacturers Co., Inc.****A Purchasing Organization**

THE problems of efficient purchasing for a biscuit plant or for an association of biscuit plants are probably very much the same as those of the purchasing of supplies for the candy industry.

Most important is the continued, intensive study of the markets for the three basic raw materials: flour, shortening and sugar. The biscuit industry consumes annually (according to census figures) almost 4,000,000 barrels of flour, 100,000,000 pounds of shortening (about 75 per cent of which is lard) and almost 200,000,000 pounds of sugar. Twenty million pounds of chocolate and cocoa are also consumed annually in the production of chocolate-flavored and chocolate-coated goods. The past year has witnessed wide fluctuations in the market prices of these commodities, especially flour and shortening.

Theoretically, the correct procedure for the purchasing agent in the biscuit industry, as in all other industries, is to buy supplies as needed and to avoid speculation. Likewise, the theoretically correct procedure for the sales department is to price goods on a replacement value basis.

A quick turnover of purchased material may be possible on minor raw materials, but industrial conditions frequently make such a policy on the three principal raw materials quite impossible. The biscuit baker who followed a hand-to-mouth policy in the purchase of flour and shortening requirements was in a difficult position in the fall of last year. The group cost index of flour, shortening and sugar advanced from 146 in January to 181 in December (1913, 100), but industrial conditions prevented a corresponding general advance in the selling price of biscuit products until December. At that, the advance was not commensurate with the increased cost of raw materials.

The purchasing agent for the biscuit industry must therefore be something more than a day-to-day shopper. He must be a student of economic conditions, a student of world statistics, and a keen observer of trends in agricultural conditions the world over.

So far as the mechanics of his profession are concerned, he must at all times cultivate goodwill, both with his associates and with the suppliers. Firmness and impartial judgment need not connote a cold, suspicious attitude. Usually a supplier will do more for a purchasing agent he respects than for one he secretly despises.

Re Question No. 1

If there is good-will between a high-principled buyer and a reputable seller, there need be no fear of goods not being up to specification. Why do business with any other kind of supplier? Or why favor with business a supplier of uncertain responsibility? One unsatisfactory transaction certainly does not invite another.

Re Question No. 4

In our opinion, the three most important requisites of a supply house or its representatives are (1) a willingness to tell the whole truth "even if it hurts," (2) dependability, (3) high quality of product.

Re Question No. 7

The purchasing agent, as well as the seller, should be held responsible for the quality of the product bought, for the price paid, and for timely delivery.

Re Question No. 8

The value of the purchasing agent to his firm or association can only be judged by his work over a fair period of observation. On a changing market he is expected to "guess correctly." His value to his company depends, to a large extent, on his ability to forecast the trend of the markets and on his ability to time his purchases in accordance with production schedules. A good buyer avoids large stocks as carefully as he avoids depleted stocks.

The criteria by which to judge the ability of a purchasing agent, in our opinion, are (1) adequate knowledge of his line, (2) sound analysis of future markets, (3) skillful physical handling of stocks, (4) ability as a trader, (5) last, but not least, a personality as agreeable to those that solicit his business as to his associates.

Happiness I have discovered is nearly always a rebound from hard work. It is one of the follies of men to imagine that they can enjoy mere thought, or emotion, or sentiment! As well try to eat beauty! For happiness must be tricked. She loves to see men at work. She loves sweat, weariness, self-sacrifice. She will be found not in palaces, but lurking in cornfields and factories and hovering over littered desks: she crowns the unconscious head of the busy child. If you look up suddenly from hard work you will see her, but if you look too long she fades sorrowfully away.—David Grayson in "Adventures in Contentment."

From H. N. Fish, Boston

No. 1. We never have any trouble in getting goods as per specifications, as we are always willing to pay a fair price for good materials. We are not interested in any other and intend to do business with houses who have a reputation for square dealing and maintain this reputation. It is very easy to make adjustments of any error or differences with such a combination.

No. 3. Decidedly, yes. Investigating the credit responsibility of a supply firm should be the first step in establishing buying connections. We consider that a good supply buyer must know his lines and the needs of his house, be fair with both parties (buyer and seller) and not try to speculate. He cannot Beat the World.

We do not consider it advisable to fraternize or mingle socially to any extent with the people from whom we buy and never to the point that

either party feels under obligations to the other.

The trade associations we consider as mostly hot air, but these may be better some day. We believe in independence in business.

Quality goods cannot be made with poor quality, and good materials can be had if one is willing to pay the price to maintain a high standard of product.

The purchasing department can be of value to its house by knowing its job thoroughly, playing fair with all parties. Now and then a bargain will come to them, but men caught by a bargain hunter or a smart alec sooner or later are apt to become more of a liability than an asset to their house.

We believe that a buyer who knows the requirements of his house and who is on the square will avoid all of the troubles which are mentioned in your questionnaire.

H. N. FISH Co., Boston.

From a New Yorker

No. 7. First of all, if I was to engage a buyer to buy our supply merchandise for the general business he either would have to have the training of my way of buying in the past years or else he would have to be a practical candy man. If the buyer is a practical candy man he knows what merchandise is and he knows exactly what to buy for his various departments.

He knows whom to select among the sources of supply when purchasing materials where orders are not given principally because the salesman is a friend or where price is the only consideration. If he is a practical man he will insist upon getting first-class merchandise and will buy from first-class houses only, eliminating all the evils and tendencies of getting cheap material or material which is not approved by the Pure Food Laws of the United States. In other words, you must do business with a reliable concern who will stand by the product they manufacture, and if the buyer will get down to brass tacks and buy from responsible people only he will have very little trouble in getting quality merchandise. I do not mean by this that he should buy from old established firms only. The impression that a new house must make is that they have good quality, and if a buyer understands his merchandise and if he is practical he knows exactly what he is buying.

In so doing he helps his whole factory and also selling organization. He is giving his salesmen uniform goods to sell; a candy maker knows he cannot make uniform goods unless he receives uniform material and the success in

manufacturing is particularly due to supplying the superintendent in the candy factory with uniform merchandise.

The buyer very often in large firms (I presume this also applies to other industries as well as the candy manufacturers) would like to make a showing as to how cheap he can buy merchandise, and not being practical and knowing that they cannot use these goods, buys a cheap lot of raw material which is probably no good at all or very difficult to use and will not result in a good manufactured piece of candy. His only idea is to buy cheap so he can go to his boss and say we paid so much last year and this year so much; we have saved so much in our purchasing department. Where these conditions exist you cannot expect reliable, uniform merchandise and give them to your salesmen to go out and sell.

I have often asked good, practical men who came to me and applied for a position the reason why they left so and so. Their answer was that the executives did not know anything about the business and bought a lot of material that they wanted him to use, which was impossible, and yet they wanted first-class goods. These applicants would confide to me in these terms: "How can any candy maker produce high-class goods when he hasn't the material or even the basis for the material?" I believe they are right and the whole success of a factory depends mostly upon the buyer buying the right material in order to produce the proper kind of merchandise.

(Signed) A 5-YEAR SUBSCRIBER.



(As heard about the factory)

The Superintendent to Purchasing Dept.:

"Hey, Joblots! What in — is the big idea? You've got us stuck again without a pound of tartaric acid in the house! You're some buyer, you are. !!!!! Aw, you get me sick. Always some lame alibi. I can't make hard candy out of your excuses. The crew's been wasting time around here since eight o'clock waiting for you to dig them up some acid. And all I can do here is sit around and suck my thumb until you take a notion to drift into the office. . . . Say, what time do you get in mornings, anyway? You're not the son of the president of the company, you know. . . . I've been hanging on to this 'phone trying to get you since about nine o'clock, and here it is a quarter of ten. D—n good thing you're not working for me! . . .

"Why, you poor fish, it's been on requisition for the last three weeks. Of course, *Sam* gave it to you! You don't suppose I have time to make up orders for you small time fellows, do you? That's what I have a stock clerk for. When do we get the acid? . . . No, he didn't come in this morning. I don't know why he didn't come in. What business is it of yours, anyway? Every time I call you to complain about something you think all you have to do is to divert my mind to the price of golf socks or balloon tires. . . . He's got it in his book here, August 25th. . . . Yeah. . . . You know damwell they're full size balloons, same as yours, only better. . . . Well, boy, when do we get the acid. Quit stalling. Now I suppose you're going to tell me it sank with all on board off the islands of Galapagos. . . .

"The hell you say? Who says so? Wait, I'll see if it's on the elevator. . . . Well, I'll be —. Well, of course, we were never entirely out; that's good factory management. . . . Yeah, one of the non-skids like you got. Yep, very busy; 'by, Joblots."

What the Buyer Really Said:

"Hello, Soup, what's your trouble, now? If I ever heard from you when you didn't have some real or fancied grievance to take out on the Purchasing Department, I'd swear you

wanted me to give you a reference so's you could get a new job. If you were half as much on your job as the boss thinks you are, you'd anticipate your wants far enough ahead so that you wouldn't run out of acid. Too bad if you let your plant waste time like that, Soup old dear; I saw almost a full barrel up there yesterday morning. Just because you've transferred it to 'goods in process' don't mean you're out of it. Looks to me like mismanagement. . . . Well, if your mental processes weren't so absurdly simple, you'd get yourself a baby's comforter instead of sucking your thumb! . . . My hours are from ten to three and I usually require at least three hours for lunch. To get my work done in the few hours remaining is a matter of personal pride and efficiency. Absolutely, Mr. Shean. . . . You forgot to order it? Well, let's see if we can't fix it up for you. (Aside, to his stenographer) Miss Bailey, get me yesterday's receiving sheets. . . . What's that? You say you *did* order it. Who made it out? Oh, I see; he's not in this morning, and that's why you're working for a change. Why isn't he in? . . . Saturday morning; teaching schule, probably. . . . Has he got it in his book? You darned hypocrite, I'll bet you haven't finished drying the ink on that line yet. I can't trust that book of his at all any more. Wait a minute, the girl is looking it up. . . . By the way, what was the size of those underdeveloped tires you wanted me to get you for that ash can of yours? . . . Now, let's see. In the first place, Sam didn't order any acid; I ordered it. The first thing I knew you were low on acid was when I got hold of the month-end inventory. Now, if you'll take a look at the copy of the receiving sheet which is put on your desk every morning, you will find that three barrels of the stuff came in last night and have probably been somewhere between the freight elevator and the storeroom all the while you've been wasting my time talking to you. If you fellows would only look before you holler—mismanagement is the word. I accept your apologies. . . . How many of those tires do you want, Soup? I'll try to get it around for you on Monday so you don't find your rear axle scraping on the ground, 'by!"

The Supply Field Has the Floor

"O, wad some power the gift t' gie us t' see oursel' as ithers see us"

EDITOR'S NOTE.—It seems fair and fitting that while we are endeavoring to diagnose the problems of the purchasing department and tell what we expect from our sources of supply that we allow our positions to be reversed for a moment while we get the seller's viewpoint and hear from a few supply manufacturers with any constructive criticisms and suggestions they may have based on their close contact with manufacturing confectioners.

No mention of their product is made in these communications; our motive in inviting a few expressions from the three groups of suppliers (manufacturers of machinery, raw materials and packing supplies) is based on the fact that much of the progress of the confectionery industry is due to the initiative, originality and resourcefulness of the leading reliable supply and equipment houses. It is obvious that the right kind of cooperation should exist with these firms in the associated industries whose prosperity is so closely linked with that of the confectionery industry.

The following brief articles may sound rather fault finding but let's remember that progress is made through knowledge of our mistakes. We asked these supply firms to state frankly their reactions in selling to manufacturing confectioners stressing the points which have an economic importance to the industry as a whole.

The "Rub" in Serving Package Goods Manufacturers

WHEN the MANUFACTURING CONFECTIONER invited the supply houses to sit in at a Buyers' Round Table, we know that they felt sure of a pretty interesting gathering, for the sales manager of any good supply house is not only very curious about what the confectioner knows of his particular line, but also what is expected of him in the way of service. At the same time he hails the opportunity to express right out loud any condition of affairs which makes it unnecessarily difficult to give the confectioner the best service his house is capable of or to give the information necessary to an intelligent consideration of his proposition before the executives who initiate purchases.

Being the sales manager of a firm that plans and manufactures package and other kinds of advertising, I am often given more of an insight into the workings of my customer houses than those selling other kinds of merchandise upon which set standards can be more or less fixed, and some of my observations may be of value to those who are seriously interested in the fundamentals of efficient purchasing.

To begin with, we have observed that the purchasing agent of a large

house is almost always trying to hold down a very difficult if not really untenable position. For his work there has been no specific preliminary training, and he usually works up to it through the office ranks, gaining in this way some knowledge of the firm's needs. But to buy properly he needs to know the ideals and ideas of the president, sales manager, superintendent and general manager; thus a very close co-operation between these four heads is most essential. This knowledge and relationship is necessary to assure a close co-operation also with the best original sources of supply outside. The fact is, however, that we find the purchasing agent playing a lone hand. We also observe that the position of "buyer" is frequently shifting from one to another. The reasons are deplorable, but perfectly human and understandable. We might mention a few:

1. The president has "arrived." The personal bank account is sufficient, and now that the organization has been built up, why not look in on a little golf, instead of interfering with the work of those perhaps more vitally interested at this stage of development?

2. If the P. A. never had any friends before, he soon becomes aware of an army of them in his new position, who

see in him an outlet for good business. Now most men like to have friends; at least they are very anxious to be "well thought of." Because of this I have often felt that experienced business women, preferably married, who are largely immune to tradition or the questionable importance of precedent, might fill this position with greater efficiency. Furthermore, they take "advice" from other heads with less friction.

3. The Advertising Manager is quite impossible! The P. A. sees him breezing about in a sea of ideas that no printing processes known to him can transfer to paper nor rational cost accounting system include. The A. M. is equally sure the firm needs much more attractive copy to put across properly its reputation for quality, and that the P. A. is buying "cheap." So they compromise. The A. M. drifts into his "advertising proper" with enormous appropriations for magazine and other national spread, while the P. A. takes over the Cinderella of advertising, which though most vital, is most utilitarian—the box work or other container display. He merchandises this along with the rest of the ordinary house printing, farming it out on a price, or perhaps friendly basis. The result is that the firm pays from one to three commissions before the order has reached the actual manufacturer, and that, too, on what can never be more than a batch of waste, after the first vague ideas have been passed through and elaborated upon by so many different hands. So we have the most expensively advertised firm putting out a finished product

that upon its own unaided merit wouldn't "take" anywhere.

4. The General Manager, the man who "delivers the goods," is usually carrying three men's responsibility. In fact, he must not be bothered with anything outside of concrete facts of "get there."

So with a President not actively interested, a Sales Manager who is "unpractical," a General Manager who is "too busy," a Buyer with a host of friends he can't very well turn down, buying on price to qualify as a saver, not always knowing of the best or original sources of supply, yet guarding his position against attack by claiming full authority in the matters of purchasing at least, one can readily see what chances the P. A. has for that close co-operation with executives and suppliers which in large, successful houses is so necessary. Confronted with inside friction, unnecessary formality or red tape of this kind, the supply house finds it very difficult to render more than an indifferent service. Supply houses are so highly specialized now that unless they can get the careful attention of the trained head in that particular field along with the P. A., there is little chance for really efficient purchasing, and what is worse, little encouragement for the supplier to work out original ideas and service for such individual accounts.

It all seems so obvious that many of us will wonder why this need be written; nevertheless, every day we see some big house that was originally built up with well-organized, enthusiastic service, vision and necessity, but subsequently falling into second, third and fourth place under the burden of red tape, non-essential overhead and inside friction. So while we serve most of the large firms as well as they will permit us to do, our best service and finest work has been done for the smaller houses, where we can have a satisfactory audience with their chief executives, firms who are building rapidly on quality output and who have not as yet indulged in "Who's who," but, from necessity, are very much interested in "What's what."

The space for this article can hardly include a detailed account of "the events that lead up to the tragedy" but these few fundamentals as they appear to the outsider may prove of some benefit. On the other hand all that is written by the P. A. on his own disappointment and shortcomings of supply firms will certainly have the interested attention of most of us.

MILDRED PAUL,
Sec'y and Sales Manager,
The Foxon Co., Inc.

Buyers Pay for High Cost of Selling

Hand-to-Mouth Buying Has Its Adverse Reactions

IN talking with different supply houses, and I do not recall any exceptions, they all complain bitterly of their cost for selling. It is mounting higher month after month, and year after year, and outside of the fact that the railroad fare is higher than it used to be, as well as the public charges, hotels, and the food, a large portion of it can be charged direct to the purchasers because of their unwillingness to look ahead on their supplies and place their business for six months or a year and then adhere to it in spite of any other offering; also the tendency to purchase from hand to mouth so to speak, and not carry supplies adequate to their needs.

If the purchasing agents might have the faith in the supply houses that they evidenced in days gone by and treat them fairly in the way of ordering supplies when the salesman is not on the ground, they would unquestionably in a very short time see a material improvement in quoted prices. I know in the Edible Gelatine field this complaint is universal.

We are compelled to see every month or six weeks, buyers of one barrel of gelatine as well as buyers of ten, twenty, and fifty barrels of gelatine. We find a flagrant disregard of our contracts, in that men will tell us that they will take twenty-five to fifty barrels, according to their needs, or pro rata by the month, and if we don't follow them up regularly we wake up to find that they have accepted an offer

from some other company at a slightly lower price, and have turned to using it. The gelatine may or may not be so good. Very often the lower price brings a little lower quality, but the nature of our business is such that the buyer, with few exceptions, doesn't detect the difference until at some later date fault is found with the finished merchandise and they don't know where to turn for redress.

There is no reason in the world why the confectionery manufacturer shouldn't have as much faith in his source of supply of raw material as he expects his customer to have in his finished product. If he would evidence that faith it would materially reduce the cost of selling and it couldn't help but rebound to his credit to a greater extent than shopping around from month to month on a price basis, and being everlastingly afraid to place orders ahead for fear that the market might be a cent or two less.

The method which we pursue and always have, is to give our contract customers the benefit of our minimum list prices, and in that way protect them in full against justified market decline. In some lines of industry, and particularly our own, the cost of selling is ruinous and there will not be a change in this situation until the attitude of the buyer is materially changed for the better.

Yours respectfully,
ESSEX GELATINE COMPANY,
L. B. Esmond, Manager.

The Ideal Supply Salesman

I think, without question, that the three most important requisites of a good supply salesman are: Knowledge, Sincerity and Reliability.

I think that all salesmen should have an absolute perfect knowledge of not only the goods which they are selling but especially of its use as it applies to the confectionery or any other trade they are selling, for in the end it is really only service we all sell no matter what the commodity.

Sincerity should be something that every salesman should practice but, unfortunately, some do not consider it of sufficient importance, they feeling that the securing of an order is paramount regardless of the method used; particularly as far as his statements to the buyer are concerned. The salesman

who has a deep interest in the confectionery business as a whole can, in my opinion, accomplish a great deal of good for the industry.

Reliability is a quality which, I think, every salesman should keep ever in mind as one which will accomplish immeasurable good for the salesman and for his house. All one has to do is just stop and think of the good which has been accomplished for his firm when the buyer is fully convinced he can absolutely rely upon the statements which were made him. There is all the difference in the world between such an interview and one where the salesman makes only one single statement which the buyer questions.

BEN B. GEORGE,
The Procter & Gamble Distributing Co

Executives Need Quality Crusade

It would be wonderful if the buyers could be induced to keep the question of quality paramount, letting price follow as a secondary consideration. One must not forget, however, that undue pressure is often used by some one higher up who talks quality to a considerable extent but who expects a purchaser to buy at the lowest prices and also expects the superintendent to almost perform miracles with the ingredients turned over to him.

In my humble opinion it isn't with the buyer that the crusade for better quality confections should commence. The start should be made with those in the various factories from the proprietor down to the sales manager, with about 90 per cent of the effort concentrated on the proprietor.

If the head of a large concern can talk before a convention on the various details of manufacture in his plant

and stress very considerably in his talk on the question of quality, one cannot help but think he (the proprietor) is in quite intimate touch with the manufacture of goods in his plant. One would get the opinion that nothing but quality ingredients were used in the manufacture of his goods and that he would positively know if any exceptions were made.

Please eat the enclosed piece of candy taken from a package I bought to take on a vacation trip and form your own opinion as to the eating qualities and digestibility. This manufacturer in his talk before a recent convention said, "Without quality he (his father) used to say you don't get anywhere." His talk was constructive and a strong appeal for quality was made, but it is unfortunate that he does not practice what he preaches as evidenced by the pieces enclosed.

I am simply bringing this to your attention as an example where a large manufacturer, claiming to be in intimate touch with the manufacture of goods in his plant, apparently closes his eyes to certain infractions of a quality rule supposed to be prevailing in his plant.

BEN B. GEORGE,

Procter & Gamble Distributing Co.

Reflections of 25 Years' Selling to Manufacturing Confectioners

TO BUY or not to buy. This is the question that is causing gray hair to sprout on the cranium of both buyer and seller these days, and especially in the Candy industry.

Time and again of late I've been asked to voice an opinion on cooperative buying: Will it solve the problem of excessive overhead and slackening sales? And every time I answer: No, emphatically NO.

Cooperative buying is all very well in some directions; but it isn't applicable to the candy industry; at least that is my opinion, and I've canvassed the candy trade from coast to coast consistently for twenty-five years; talked intimately with important buyers in the largest plants as well as men who own small candy plants and do their own purchasing. I know that the success of these concerns is due to and largely dependent upon the quality of the ingredients they use and the price they pay.

You ask, Well, even so, can't this be accomplished through a Purchasing Center? And again I say, No, emphatically NO.

You answer, "Candy is Candy," and so it is; but there are all kinds of candy, and as many different ways of making the same kind of candy as there are varieties of candy on the market. Every candy man will tell you that his products require certain

quality ingredients manipulated in a certain way, and only the candy maker and the buyer know what is best for their particular products.

Scientific efficiency is the keynote in the purchasing department of important candy plants today; they maintain laboratories where each ingredient is carefully tested before it goes into the factory, and every purchase is checked against original samples and previous deliveries. With few exceptions the buyers in these large plants give no thought to bargain hunting; they buy on QUALITY, not on PRICE; they want ingredients that meet the specifications laid down by the manufacturing department; price is secondary, although, of course, they see to it that the price is fair and in conformity with the market trend.

In addition to these large factories, there are a few smaller concerns here and there throughout the country where the motto is "Maximum Quality at Minimum Cost," and the buying is done on that basis; here the buyer knows values; he may not be college trained and conversant with scientific lingo (usually isn't), but he has acquired his knowledge in the school of practical business experience, and he knows exactly what kind of ingredients his product requires, and what's more, he knows exactly what he ought to pay for each purchase he makes.

It's a real pleasure to deal with this class of buyer, because he'll hand out repeat orders just so long as he is satisfied with his purchase. He, too, gives no thought to bargain hunting.

The past ten years have witnessed a great improvement in the purchasing methods in the candy trade; but the industry is still burdened with many buyers who play havoc with the profits of their business by frantic efforts to save a penny at the cost of the pound. In other words, they sacrifice quality on the altar of price. Any salesman who has a bargain to offer—odd lots, second grades, etc.—can get their hearing and generally book their orders. This class of buyer purchases haphazard, here, there or anywhere, without regard to whether the material is adaptable for their products.

In addition to the price buyer, the candy industry is also afflicted occasionally with the buyer who purchases on friendship—the fellow who has been buying from the same source for twenty years and doesn't take the trouble to make comparative tests or investigate values; he and his supplier are lodge members or in-laws or something of that sort, and so this kind of buyer sacrifices quality and economy on the altar of friendship, and his business suffers accordingly.

Where is the remedy? I may be wrong, but it seems to me as I look back over my twenty-five years of selling the candy trade that prosperity lies in cooperation between the various departments of each individual concern, not in co-ordinate buying in the candy industry as a whole. Let the men on the inside work together and for each other, then matters on the outside will automatically take care of themselves. I mean by that, if the inside of the house is kept in order, Prosperity will be tempted to remain.

It isn't "Codes," it isn't "Creeds,"

Nor up-to-date systems and fads,

*Or theories sketched on writing pads
That the Candy Industry needs.*

*It's men who believe in buying the best,
Who analyze, weigh, compare and test,
Who make their purchases on a scientific plan,*

Buy only high quality and as cheap as they can.

For they know that Profits go hand in hand

With Quality Products throughout this land.

That is what we need in the candy trade

If Profit is to be consistently made.

HAROLD A. SINCLAIR.

PURCHASING CONFERENCE

(Continued)

A Pig in a Poke

by H. H. Squire

"The Buyer who imposes a loss upon his supplier buys 'a pig in a poke,' says Mr. Squire. The hard boiled price buyer gets a boomerang sooner or later in form of lesser values, which will be sold to him at a profit. Endeavoring to buy below the supplier's costs on standard goods has a destructive effect on the industry and the individual plants who practice such purchasing methods; Mr. Squire explains why in this brief article.

THE confirmed price buyer is a "Lamb" in a bucket shop—a greenhorn in the betting ring. He looks for the longest chance and so receives the short end of the deal. There is nothing uncertain about the good, hard dollars he lays down and nothing certain about the service he buys, except the absolute certainty that, in the long run, he will get no more than he has paid for.

There never was a "Green goods buyer" who didn't consider himself hard-boiled. The victim always means to beat the goldbrick artist. His own greed and egotism are the influences that combine to cause his downfall. Those who would not let the seller make a living bear the names that swell the "Sucker" lists, and supply the funds that provide fine food and raiment for the sharper.

Men embark in business for profit and could not continue without it. He who would deprive them of it will get what he gets, and that, in the long run, will not be more than the seller can afford to deliver. What else can the buyer reasonably expect? What would he himself do, where he in the vendor's place? Would he cut prices if that were not more profitable than to maintain them? And how can the lower price yield the greater profit if goods or service be not cheapened sufficiently to over-balance price reduction?

Quantity production, convenience of delivery, and all other elements affecting actual costs are, of course, entitled to full consideration in the fixing of prices. It is both impossible and undesirable that all producers and distributors should quote alike, but habitual under-market quotation is usually the sign that marks the opportunist, and that says plainly to the buyer, "Look out, I mean to get even with you either now or later."

Honest goods will always command a fair price up to the limit of market absorption, but fair profit is rarely the

aim of the price cutter. In times of scarcity, his prices are often the highest. His motto is "In hard times, get the business—in good times, get the money." He is a man of shifting standards, else he would not be what he is, and when he has "Got the business," he has only to adjust his production methods to his temporary prices, and he may still realize an exorbitant profit.

Happily, such insincerity does not deceive everyone, at least, not all the time. The sales records of concerns of the highest repute show that, as a rule, their oldest and staunchest patrons are those who, early in the history of their accounts, wandered away in the train of the price cutter until discovery and disenchantment halted them and turned them back.

The far-seeing purchaser will not be content with a mere knowledge of going prices. He will inform himself in relation to quality, service and reliability of supply. He will go still farther and obtain such a general knowledge of production costs as will enable him to judge as to what an honest product can be sold for without definite loss. And, when that minimum is reached he will not accept a further shrinkage.

It is plain to see that he who imposes loss upon his supplier buys "A pig in a poke." Inflexible production standards cannot be maintained without fair profit. He who recognizes that principle and buys accordingly pays exactly so much for so much. As for the price-buyer, his shrewdest bargain is a "So much for how much?" deal. He pays unshrinkable dollars for a mere question mark.

Careful buying is an essential function of the modern purchasing department. Buying below the cost of production and distribution is a chimera—an ideal never attained without penalty and seldom realized at all.

H. H. SQUIRE,
Adv. Mgr. Hinde & Dauch Paper Co.

Purchasing Debits in the Box Dept.

General Manager—speaking on the telephone—"Why haven't those assortments gone to St. Louis?"

Production Superintendent on the other end of the wire—"We haven't got those out yet. Sorry."

General Manager—"Well, what's the answer?"

Production Superintendent—"Why, you see we didn't get the boxes in time, and we haven't received them all yet, but I am riding the box maker, and will have them out tomorrow."

General Manager—"Who in the devil do we buy boxes from?"

Production Superintendent—"Why, we get them from the American Box Company."

General Manager—"Well, I'll tell the purchasing department to get a different box maker. We can't tie up our whole organization waiting for a few pasteboard boxes. This delay is likely to cause us to lose some money."

DOES this conversation sound familiar? Are you one of those general managers who immediately assumes that the box manufacturer is at fault, without further investigation?

Very frequently one finds a well ordered manufacturing plant with production and sales quotas carefully planned so far as the immediate product is concerned, with a distinct let-down when it comes to that very important accessory "The package."

Do Your Package Buying Early

If the executive responsible for production would place his orders for boxes as early as he does for his raw material, etc., necessary for manufacturing operations, he would find boxes meeting candy in the packing room when needed, rather than ruining his nerves calling the box manufacturer on the 'phone to rush over boxes, which were ordered all too recently.

There is frequently considerable lag in many confectionery plants between the giving of an order to the production department for a particular run of boxed goods and the time when the purchasing agent finally places the order for the package. Everyone knows that the best product cannot be made under "rush" conditions. The manufacturing confectioner knows that

PURCHASING CONFERENCE

(Continued)

it requires time to make good boxes, and that the box manufacturer can give far better service if allowed to plan his production in advance.

Therefore, before criticizing the box manufacturer for his service, or lack of it, it might be well to find out when the order for boxes was placed with them, and when deliveries were requested. Your box manufacturer is as much interested in your success as you are, for his business depends upon yours, and he will go a long way to be right.

Tell the Box Maker Frankly Your Package Allowance

There are certain other matters that should receive the consideration of the candy manufacturer. Packaged candy sells at certain well defined prices, based upon consumer buying habits. One grade retails at \$1.50, another at \$1.25, another at \$1.00, another at 75c. The sales plan of a confectioner is based with the realization that these prices are fixed in the public mind. The candy in a package retailing at \$1.50 costs a certain definite figure to manufacture. A certain definite figure is set for the cost of the container. A certain definite percentage is added for overhead and profit. In this schedule of costs the package allowance may be 12c.

A box manufacturer or a group of manufacturers are called in and asked to submit samples and prices. The samples may be for a box costing 20c, or they may be for a box less expensive. After a sample has been found satisfactory, then bids are asked and the contract awarded. Very frequently, the box manufacturer has been in the dark all of the time as to the allowance made by the candy manufacturer for the package. The candy manufacturer would receive much better service if he would openly tell the box manufacturer that he has allowed 12 cents for a box, giving the box manufacturer a definite mark to shoot at. He would endeavor then to give the best possible package within the limit of the allowance.

Lost Motion in Package Specifications

There is another type of executive who after it has been decided to bring out a new package tells Miss Smith his secretary the kind of a package he has in mind, and has her call in the box manufacturer's salesman, and tell them what is wanted. Miss Smith may

have given careful attention while the boss described the box he had in mind, or possibly she was dreaming of the little trip to the shore over the weekend, and the only thing that registered was that a new box was wanted to hold a pound of chocolates—or Miss Smith may have been one of those modern business women who have distinct opinions of their own, and when given the opportunity expresses them.

At any rate the box manufacturer gets the idea of the candy manufacturer second handed, and when retailed by either one of our Misses Smith's, Mr. Candyman probably would find difficulty in recognizing his own brain-child.

The box salesman goes back to his plant with either a sketchy or warped notion of what is wanted, and with the limited or distorted data he has been able to gather, the art department begins to develop samples. The samples are then brought back to the candy factory. Miss Smith takes them in to the boss who finds nothing approximating the package he had in mind. Box makers must be dumbbells, for hadn't he told Miss Smith explicitly what he wanted?

Counsel with Your "Boxcrafter"

This illustration may seem overdrawn, but it is an actual every-day experience. While the candy manufacturer knows that the box is responsible in a large degree for the success of an item, he will time and time again refuse to give the time to discuss with the box manufacturer, who is familiar with the technique and requirements of the package user, the problem upon which the success or failure of a sales plan may depend.

Not many months ago one of the largest candy manufacturers in the United States found that one of its items did not move so rapidly as it should have. The candy was good, the mixture was one having a large demand. Investigation showed that the salesmen did not like the package, and neither did the dealer or consumer. After frequent conferences, the wrapper on the package was modified to make it more attractive. Without additional advertising expenditure, sales of this item increased over 200 per cent in three months.

If the candy manufacturer will invite the "Boxcrafter"—as members of the National Paper Box Manufacturers' Association term themselves—into

his sales conferences, he will obtain a valuable additional service, as the "Boxcrafter" through his association is in touch with the best and most advanced thought on packaging, and always has available the advance of the marketing experts of his organization.

The Value of a Guarantee

When Is a Guarantee Not a Guarantee?

by K. B. Page

IF ONE has ever dealt in real estate he will remember that he received, or gave, a deed for the property. Now there are several kinds of realty transfers, but two will suffice for illustration, namely: a "Quit Claim Deed" and a "Warranty Deed."

When one accepts a "Quit Claim Deed" he merely gets what title the party selling has.

He gets no guarantee that the title is good, or that the seller will make good if it proves defective, or he has no title at all. In many cases this is all the title that can be had and may be as good as any, if the seller's right and title are good. In some cases a "Quit Claim" is worthless because the seller had no title and, like the fellow who recently sold a new arrival a street car on which both were riding, had nothing of worth to dispose of.

In the case of a transfer by "Warranty Deed" the buyer gets the seller's title and a warranty of guaranty that the same is good and that the seller will make good in case it should be found to be of no value or imperfect.

But let us not be deceived by this word "Warranty" or "Guaranty." It is just as good as the party making it and no better. Of what value is the guarantee of an irresponsible person, or of a person of no financial or credit stand?

Why does one buy a Cadillac automobile, Colt revolver, or a Singer sewing machine? He buys them because he knows that years of experimenting and successful operation are behind that product. He buys them because he knows that the General Motors Corporation, the Colt Arms Company and the Singer Sewing Machine Company are going to be there year after year, giving him service on their product and standing behind their product. He buys a Cadillac automobile because

(Continued on page 49.)

Purchasing Problems and Policies of a Medium Size Candy Plant

A frank discussion of the policies and system of the purchasing department of a very successful manufacturer of package chocolates.

by the Purchasing Executive Himself

Buying Problems Peculiar to Small Plant

ALTHOUGH the problem of purchasing for a small plant of our size may not be as difficult as for organizations having a larger output, nevertheless certain phases are peculiar to the smaller-sized plant. Ordinarily we are not justified in buying as large quantities nor in going to the same expense of investigation and control that is essential in the conduct of the purchasing department of a large plant. Often it would cost us nearly as much to investigate a product thoroughly as we could possibly save on that product during the entire season.

"Thus, while the problem of the small plant may be simplified by its size, at the same time the problem of the purchasing agent is really more complicated because he must do more things himself and get along with less facilities and with a smaller budget than that of the buyer in a larger plant.

"Our general purchasing policies are similar to those prevailing in other plants. The first is that we believe in dealing only with reliable supply houses. Naturally, we are keen to get the lowest price, and do everything we can to secure bids from various sources of supply. We have found, on the whole, that it does not pay us to deal with a firm until we have satisfied ourselves as to its reliability and responsibility.

One or two experiences we have had in yielding to the temptation of buying at a lower price without safeguards have been sufficient to teach us that it does not pay.

We Paid Dearly for Nabbing a "Price Bait"

"I shall never forget the insistent salesman who offered us a wonderful bargain in apricot pulp. His samples and prices were quite satisfactory. We gave him a fairly large order, but when the pulp came in it was not fit for our product. It all had to be sent back and we were compelled to buy in the open market at a period when prices were higher than they would have been if we had placed our order through regular established channels in good season. Thus we not only paid more for our goods than we should have, but we also had the unpleasantness of a dispute over an unsatisfactory product and the inconvenience of a rather inadequate supply at a time when the goods were most needed.

"On any items which we are purchasing in quantity it is our practice to give a number of reliable dealers in this commodity an opportunity to submit bids. Naturally, when we find a house thoroughly satisfactory our tendency has been to give it as much business as we can. We regard quality and service as far more important than price.

"We endeavor not to buy any farther in advance nor in any larger quantities than is necessary, except in the case of nuts and other crop goods. Here we find it pays to buy when

TRIPPLICATE		DUPLICATE	
FIRM NAME & ADDRESS		No 6927	
DATE 192		THIS ORDER NUMBER MUST APPEAR ON YOUR INVOICE	
TO		SHIP VIA WHEN	
TERMS F. O. B.		PRICE PER	
PLEASE ENTER OUR ORDER FOR THE FOLLOWING MERCHANDISE			
QUANTITY		PRICE	PER

Merchandise Order (Form 1)

DUPLICATE		Date	
From TO FRIENDS		Date	
ORIGINAL		DEPT.	
QUANTITY		GOODS WANTED	
DO NOT WRITE HERE		Price Unit Value	

Requisition (Form 2)

PURCHASE RECORD												
ARTICLE _____												
1						5						
2						6						
3						7						
4						8						
ORDERED						RECEIVED						
FROM	DATE	ORDER NO.	AMOUNT	FROM	DATE	ORDER NO.	AMOUNT	PRICE	PER	PCT. DISC.	INVOICE AMT.	REMARKS

we can get a satisfactory lot. We never purchase more than one week's butter supply at a time, nor have we found it worth while to store butter. We are convinced that we get better results and lower prices throughout the year by buying from week to week. On items other than sugar and coatings our practice is to buy not more than a month's supply at a time unless a shortage in the market is anticipated or experience has shown that we cannot replenish our supply readily.

Buying Factors

"We have definite standards and specifications on a number of items, availing ourselves, first, of well-known trade standards, being particularly insistent, however, on such items as coatings, syrups, etc.

"Naturally, in a plant of our size the general manager is the person who determines what we should buy, but it is left either to the storekeeper or the head of the different departments to determine the quantities required and the time when these must be on hand. Aside from this, it is the purchasing agent's duty to determine from whom the goods should be purchased, the prices to be paid, terms and similar details.

"In order to make sure that we have enough on hand and do not tie up too much capital or get overstocked on an item, we carry a perpetual inventory which shows us the exact quantity on hand every day. Previous experience enables us to judge the quantities to be carried

on hand and the amounts to be purchased from time to time. Our records show not only the material on hand, but the material ordered and the date when shipments are due.

"As our plant is on the outskirts of the city, we are saved the bother of the ordinary canvasser and peddler who infest the down-town districts. Salesmen who come out here have some definite business to transact. In fact, many call up beforehand to make appointments rather than risk coming out and not finding the man whom they want to see. We are always glad to see salesmen and give them every opportunity to show their line if time permits. I find it is easy to terminate an interview by simply standing up as an indication that the interview is finished. This seems to be less embarrassing or abrupt to the average salesman than any other method.

"We believe it pays to lay our cards on the table in so far as we can. Naturally, it is necessary occasionally to go after a salesman pretty hard in order to get the lowest price. On any purchases of importance we always endeavor to get prices from several suppliers, as indicated above. Furthermore, we check current quotations against previous prices, and if we are unable to secure what we consider to be a fair price, we frequently call up other purchasing agents and find them quite willing to exchange information. We try not to be hurried in making purchases, and other departments

(Continued on page 51)

Announcing the Official Confectionery Arbitration System

The following is the full text of the plan which has been approved by the Executive Committee of the National Confectioners' Association and distributed to its membership on August 26, 1925, in booklet form. It is the earnest hope of those who have drafted this arbitration system that it will be used throughout the entire industry irrespective of whether the parties to a controversy are members of the N. C. A. or not. It is applicable to the purchasing department as well as the sales and with the National Arbitration Law effective January 1st, the whole system of arbitration will have the weight of federal enforcement.

Introduction

ARBITRATION is being used by the largest industries in this country as a means of settling controversies between members of the industry and those outside of the industry with whom they do business.

Arbitration laws have been enacted by the U. S. Congress, by the States of New York, New Jersey, Massachusetts and Oregon and other states are contemplating similar laws and an active campaign is being conducted by the Arbitration Society of America and the Arbitration Foundation, Inc., to bring about the enactment of arbitration laws in all of the states.

Under these laws decisions by arbitration are given the legal effect of a court action. Arbitration is intended to take the place of litigation, give quicker action and save immeasurable expense.

It seems reasonable that men trained in an industry and familiar with the details and workings of an industry can better pass upon and decide controversies incidental to the industry than any one else.

All that is wanted in any controversy is justice, and impartial intelligent arbitrators can render an impartial and just decision.

Your Association at the Convention in Boston went on record in favor of adopting an arbitration system within our industry, and the Executive Committee and officers were given the authority to decide what this system should be, and in line with this procedure the following system has been adopted as an initial effort in the introduction and use of arbitration.

Questions to Be Arbitrated

Any controversy between two members of the industry or between a member and anyone with whom the member does business, such controversies for example as:

Between buyer and seller as related to contracts of sale; involving terms; goods not being up to standard purchased; values; interpretations of contracts of sale or sales agreements and any other controversies that arise between buyer and seller.

Rights to trade marks.

Rights to inventions and patents.

Rights to processes of manufacture.

Labor disputes.

Controversies between employer and employee.

Interpretations of contracts as related to their legal and ethical status.

Complaints as to unlawful trade practices.

Ethical rights as related to any question.

How to Arbitrate

When either party to a controversy desires to submit the matter in dispute to arbitration, such party should suggest to the other party to the controversy that the matter shall be submitted for arbitration under the Rules and Procedure of the Confectionery Arbitration System.

When the parties to a controversy have agreed to submit the matter in dispute to

August 26, 1925

TO OUR MEMBERS:

Your Executive Committee and Officers have carefully studied the question of Arbitration in use in other industries and feel that it can be used in our industry with very beneficial results. It is felt, however, that we should make a small beginning and gradually develop the use of Arbitration by our industry and not undertake too much in the beginning, and with that idea in mind the enclosed booklet sets forth the plan approved by the Executive Committee and the Officers of your Association, and it is earnestly hoped that you will make use of Arbitration and do everything that you can to promote its use by others.

We are confident that Arbitration if used will eventually work itself out in many ways that will be of unusual benefit to the industry. All that is necessary toward this end is that our members will give it a fair trial.

Yours very truly,

(Signed) V. L. PRICE,
President.

arbitration under the Rules and Procedure of the Confectionery Arbitration System as provided herein, they shall notify Walter C. Hughes, secretary, National Confectioners' Association, 1921 Conway building, Chicago, that they have so agreed and that such is their intention and at the same time advise him which of the following plans they desire to adopt in selecting the arbitrators to carry on the arbitration:

- (1) The appointment of three arbitrators by the president of the Association.
- (2) Both parties to select their own arbitrator and these two to select a third, or the third to be appointed by the president of the Association.

The secretary will then proceed to secure the arbitrators as requested and will arrange

with all parties concerned for the time and place of the arbitration, as provided herein.

Rules of Arbitration

No one except the arbitrators shall be present during the arbitration of any controversy without the consent of both parties to the arbitration.

The details of the arbitration proceedings and all documents and other data submitted as evidence shall be held in strict confidence by all parties to the arbitration proceedings and shall not in any manner be made public without the consent of both parties to the arbitration.

No one may act as an arbitrator who has any financial or business interest in common with either party to the controversy.

The arbitrator or arbitrators appointed by the president shall be acceptable to both parties to the controversy.

All expenses involved, including the expenses of the arbitrators, if any, shall be paid share and share alike by both parties to the controversy.

The arbitrators if they so demand shall be entitled to all legitimate expenses connected with their services as arbitrators, but said expenses shall not include personal services, unless it is agreed upon by both parties to the arbitration.

Procedure

The procedure of arbitration shall be as follows:

Both parties to the controversy shall be required to sign the following agreement, which shall be filed with the secretary:

Disputants' Agreement

Date.....1925...
"We the undersigned, hereby severally and jointly agree to abide by the decision of the following Arbitrators: (name Arbitrators) in the controversy submitted to them by us involving (State nature controversy) subject to the Rules of Arbitration as adopted by the National Confectioners' Association of the United States and known as the Confectionery Arbitration System."

Witness:
By.....

Witness:
By.....

The arbitrators shall be required to sign the following agreement, which shall be filed with the secretary:

Arbitrators' Agreement

Date.....1925...
"We do severally and jointly agree to faithfully, impartially and to the best of our ability hear and examine the facts which may come before us in the controversy between (name parties to controversy) relat-

.....(Seal)..
(Seal)..
(Seal)..

The decision of the arbitrators shall be

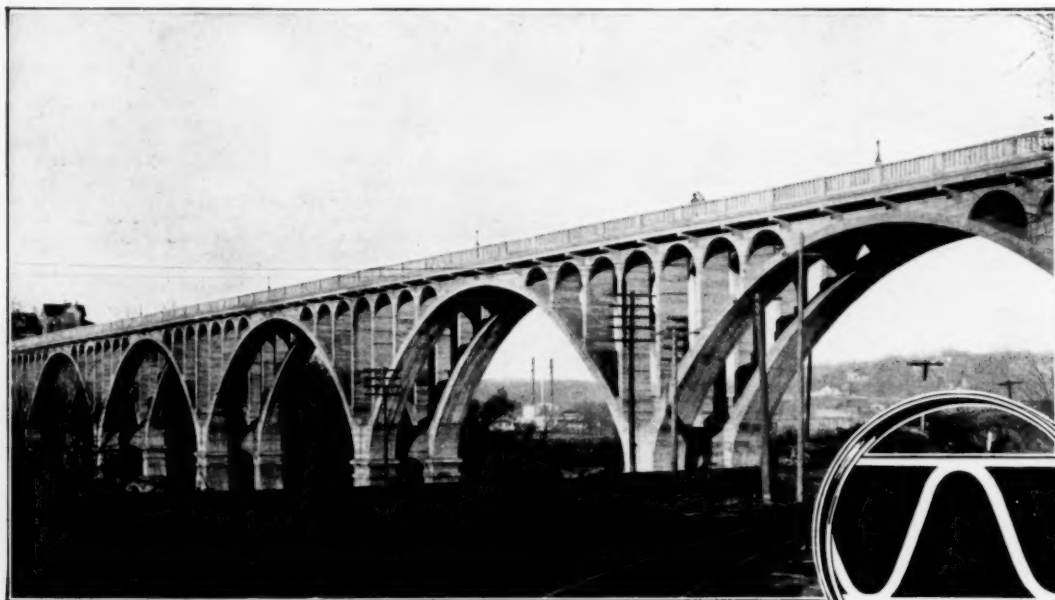
.....
.....
.....
Arbitrators.

The reason for requesting an appeal shall be considered by three (3) appeal arbitrators appointed by the president of the Association in the same manner as the original arbitrators were appointed as provided herein, and an appeal shall be granted by them only in the event that they shall find fraud or undue influence or unfair practice in the

If the appeal arbitrators grant the right of appeal, then all the relevant facts and evidence on which the original arbitrators rendered their decision shall be submitted to the appeal arbitrators, and in their consideration of the same and in rendering their decision they shall be governed by the Rules of Arbitration and Procedure in the same manner as if they were the original arbitrators, and no other facts or evidence shall be considered by them.

NATIONAL CONFECTIONERS' ASSOCIATION.
V. L. Price, President.

The Vendor Distributing Co., Santa Ana, Calif., expect to manufacture gum and candy in their new building this fall. New machinery is being installed and new units will be added to the manufacturing space from time to time.



The faith of engineers and builders in the strength, resistance and endurance of the arch is exemplified in this fine concrete bridge at Fort Dodge, Iowa. It has an all-arch construction.

You Can Depend Upon Mid-West Boxes To Resist Shock and Abuse

The functions of an arch are to neutralize shocks, strains and vibrations. In so doing, it becomes a support and protection. Whether used in a bridge or in a Mid-West corrugated shipping box — its functions are the same.

As the strength and resistance of the arched bridge have been proved, so the unusual strength of the Mid-West box has been verified through many years of usage. It has proved itself a real protection to goods in transit. It has proved its aggressive resistance to every transportation abuse. It is the best shipping package because it is the strongest made. It is the most economical, proved to the satisfaction of the country's biggest shippers. High, strong arches and highest test liners are the big margins of safety.



*The increasing use of Mid-West Boxes in your field is entirely due to their filling a need—
BETTER*

Give Mid-West a fair trial. We build boxes to your specifications—at your factory. Write for a designer. Make your problem ours. No expense to you.

MID-WEST BOX COMPANY

General Offices

18th Floor, Room 51
CONWAY BLDG., CHICAGO

**Corrugated Fibre
Board Products**



Factories

ANDERSON, INDIANA
KOKOMO, INDIANA
CHICAGO
CLEVELAND, OHIO
FAIRMONT, W. VA.

Purchasing Policies of a Medium Size Plant

(Continued from page 47)

for payment as soon as the storekeeper advises us that the goods have been received.

"One of our duties at the purchasing desk is to serve as a scout for the various departments in helping them to locate different kinds of material and new equipment which will help them in their work. We encourage salesmen to show us new things and study the advertising sections of trade magazines to secure information regarding any article advertised with which we are not thoroughly familiar. We also keep in touch with market conditions through various channels, and subscribe to several market report services.

"We have a tickler file of future purchases to remind us of goods needed in the future. We also carry a daily memorandum of current purchases to be made.

"In the last few years we have made considerable progress in simplifying and standardizing our purchases by getting all of the different departments to agree on the use of certain standard articles, rather than having each department calling for a different brand or grade.

"Perhaps the best illustration of simplification is that of boxes. We succeed in issuing one size box for six different packages, the variation being in the wrapper used. This standardization on box sizes has resulted in considerable savings, not only in the cost of boxes themselves, but also in storage and in the packing cases used for the shipment of goods."

Angelica Defrauder Has Been Caught

Word has just been received of the arrest of Maurice Bultman in Vincennes, Ind. He has been traveling over the country claiming to represent several well-known mercantile houses. Warrant was secured by Long's Baggage Transfer Co. of Lynchburg, Va., where Bultman will be taken for trial.

A number of hotel and restaurant men were victimized by this man who collected deposits on his claim that he represented the Angelica Jacket Co. of St. Louis and New York. The Angelica people offered a reward of \$100 for the arrest and conviction of any unauthorized person claiming to represent them.

Anyone who was defrauded by Bultman and wants to join in the prosecution is asked to get in touch with Long's Baggage Transfer Co., Lynchburg, Va., at once.

You can help your fellow men. You must help your fellow men. But the only way you can help them is by being the noblest and the best man that is possible for you to be.—*Phillips Brooks.*

Experience is what you get while you are looking for something else.—*Toledo Blade.*

A lot of trouble on this earth grows out of some one's attempt to let his conscience be your guide.—*Detroit News.*



THE WHITE-ROBED SAINTS AND SPOTLESS LILIES OF THE FIELD

each in their sphere are emblematic of Purity and Beauty undefiled.

Since the dawn of creation WHITE has been the symbol of Purity.

"GILLETT WHITE WOOD PAILS"

are made from a product clean and sweet, fresh from nature's laboratories.

In line with the Sanitary Campaign now being conducted, pack your candies in

"GILLETT WHITE WOOD PAILS"

thus guaranteeing that your product reaches the "little ones" untainted, pure and wholesome.

GREAT NORTHERN PAIL CO.
GILLETT WISCONSIN



the unusual beauty and permanent usefulness of the Pilliod containers have sold tons of candy for confectioners!

The miniature cedar chest idea has proven a most remarkable and permanent stimulator of candy sales. There is a difference however, between the elegant PILLIOD Art Craft Cedar Chests and ordinary containers. That contrast represents a "Sales Difference." The difference between ordinary and **Better** Sales.

Progressive candy manufacturers everywhere have found that candy displayed in beautiful Art Craft containers is one of the best insurances of its sale.

The Pilliod Candy Containers make **every day** a "Candy Gift Day." The reason is quite plain—package candy is mostly bought for gift purposes and the purchaser naturally wants something that best expresses his or her sentiments. Therefore, the more beautiful the package—the greater are its sales possibilities.

PILLIOD Art Craft Containers give to candy a most strikingly beautiful background and the most intensive sales appeal. They have made many a **purchaser** out of a mere passerby. And it is because of their unusual beauty, utility and variety they can **improve your sales** just as they have done for other candy manufacturers throughout America.

A big demand for the holidays

There will be an unprecedented demand for these beautiful cedar chests during the coming Holidays. Do not make the mistake others have made in ordering too late. By placing your order ahead you are playing safe. Owing to our large production capacity we can also fill your orders for immediate use.

We will build these miniature cedar chests and laminated boxes in special design and sizes to meet every requirement of manufacturers and dealers who desire to impart an individuality and distinctiveness to their goods. Add the utmost sales appeal to your candies by displaying them in the most artistic candy container on the market.

Furnished either with or without satine lining and mortised lock or padlock. May we quote you?

THE PILLIOD LUMBER CO.
SWANTON, OHIO

nd of rs ly

ven
ator
ver,
craft
That
The
ales.
ndy
s of

ay.”
oses
her
e its

beau-
made
sual
lone

g the
By
acity

a and
t an
your